



Amendment No. ~~2~~ 1
to
Contract No. NA170000210
for
Consulting Services for Compensation Programs
between
The Segal Company (Southeast), Inc.
and the
City of Austin

1.0 The City hereby amends the above referenced contract with the following:

- 1.1 Contractor email correspondence dated March 5, 2020, for no rate increase for January 1, 2021 through December 31, 2021. Rates for The Segal Company (Southeast), Inc. remain unchanged for 2021 as noted below:

Classification of Personnel	Hourly Rates for Plan Year 2021
Primary Consultant	\$473.00
Secondary Consultant	\$391.00
Analyst	\$257.00
Additional Personnel (Auditing)	\$206.00

2.0 The total contract amount is increased by \$0.00. The total contract authorization is recapped below:

Action	Action Amount	Total Contract Amount
Initial Term: 09/21/2017 – 09/20/2020	\$2,460,000.00	\$2,460,000.00
Amendment No. 2: 2021 Plan Year rate change (unchanged) – effective 1/1/2021	\$0.00	\$2,460,000.00

3.0 By signing this Amendment, the Contractor certifies that the vendor and its principals are not currently suspended or debarred from doing business with the Federal Government, as indicated by the GSA List of Parties Excluded from Federal Procurement and Non-Procurement Programs, the State of Texas, or the City of Austin.

4.0 All other terms and conditions remain the same.

BY THE SIGNATURES affixed below, this amendment is hereby incorporated into and made a part of the above-referenced contract.

Sign/Date: _____

Printed Name: Kenneth Vieira
Authorized Representative

Kenneth C. Vieira, FSA, FCA, MAAA
Senior Vice President
East Region Public Sector Market Leader
The Segal Company (Southeast), Inc.
2018 Powers Ferry Road, Ste. 850
Atlanta, GA 30339-7200
KVieira@Segalco.com

Sign/Date: July 15, 2020

Cyrenthia Ellis
Procurement Manager
City of Austin
Purchasing Office
124 W. 8th Street, Ste. 310
Austin, Texas 78701
Cyrenthia.Ellis@austintexas.gov

Cyrenthia
Ellis

Note: Date represents the date
vendor signed contract
City signature and date is
below

Digitally signed by Cyrenthia Ellis
DN: cn=Cyrenthia Ellis, o=City of
Austin, ou=Purchasing Office,
email=Cyrenthia.Ellis@austintexas.gov, c=US
Date: 2020.07.16 07:56:14 -05'00'



**Amendment No. 1
to
Contract No. NA170000210
for
Consulting Services for Compensation Programs
between
Gallagher Benefit Services, Inc.
and the
City of Austin**

1.0 The City hereby amends the above referenced contract to add Exhibit C, HIPAA Business Associate Agreement (attached).

2.0 The total Contract amount is recapped below:

Term	Contract Amount for the Item	Total Contract Amount
Basic Term: 09/21/17 – 09/20/20	\$852,000.00	\$852,000.00
Amendment No. 1: Addition of Exhibit C 09/21/17 – 09/20/20	\$0.00	\$852,000.00

3.0 MBE/WBE goals were not established for this contract.

4.0 By signing this Amendment the Contractor certifies that the Contractor and its principals are not currently suspended or debarred from doing business with the Federal Government, as indicated by the General Services Administration (GSA) List of Parties Excluded from Federal Procurement and Non-Procurement Programs, the State of Texas, or the City of Austin.

5.0 ALL OTHER TERMS AND CONDITIONS REMAIN THE SAME.

BY THE SIGNATURE(S) affixed below, this Amendment is hereby incorporated and made a part of the above referenced contract. This contract amendment shall become effective on the date executed by the City.

Signature & Date:

JCF 10/16/17

Printed Name: James C. Fox
Gallagher Benefit Services, Inc.
221 W. 6th Street
Suite #1980
Austin, TX 78701

Signature & Date:

R Stricklin 10-16-17

Roger Stricklin
Procurement Specialist IV
City of Austin Purchasing Office

EXHIBIT C
HIPAA BUSINESS ASSOCIATE AGREEMENT

This Agreement is made and entered into between the City of Austin ("City") and the person or entity identified in the signature block below (the "Business Associate"), and is made with reference to the following facts:

- i. The Program is subject to the privacy and other requirements of the Health Insurance Portability and Accountability Act of 1996 ("HIPAA");
- ii. Under the HIPAA Rules (defined below), the City is required to enter into a written agreement with the Business Associate under the terms and conditions provided below; and
- iii. The parties wish to enter into this Agreement in order to comply with the HIPAA Rules (defined below), and to safeguard Protected Health Information (defined below) appropriately.

Therefore, in consideration of their mutual undertakings set out in this Agreement, and for other good and valuable consideration, the parties agree to the following:

1. Definitions. As used in this Agreement:

- A. **"HIPAA Rules"** and/or **"HIPAA"** shall mean the Privacy, Security, Breach Notification, and Enforcement Rules implementing HIPAA and set out at 45 CFR Part 160 and Part 164.
- B. **"Individually Identifiable Health Information"** shall mean information collected from an individual, including demographic information, that:
 - i. Is created or received by the City and provided to the Business Associate; and
 - ii. Relates to: (a) the past, present, or future physical or mental health or condition of an individual; (b) the provision of healthcare to an individual; or (c) the past, present, or future payment for the provision of healthcare to an individual; and
 - iii. Which identifies the individual, or with respect to which there is a reasonable basis to believe the information can be used to identify the individual.
- C. **"Protected Health Information"** shall mean Individually Identifiable Health Information that is: (i) transmitted by electronic media; (ii) maintained in any medium constituting electronic media; or (iii) transmitted or maintained in any other form or medium.
- D. **"Agent"** and **"Subcontractor"** shall mean a third party who is not an employee in the workforce of the Business Associate and who receives Protected Health Information from the Business Associate for purposes of carrying out any part of the Business Associate's responsibilities under its services agreement with the City.
- E. **"Business Associate"** shall have the same meaning as the term "business associate" set out at 45 CFR Part 160.103, and in reference to the party to this agreement, shall be the party designated as a Business Associate.

2. Permitted Uses and Disclosures of Protected Health Information by Business Associate.

- A. The Business Associate may use or disclose Protected Health Information for the following purposes only: (i) to receive and process claims for payment for eligible Program participants; (ii) to maintain claims history and patient profiles; (iii) to maintain current eligibility data on Program participants; and (iv) for the management and administration of its internal business processes that relate to its legal responsibilities and its responsibilities under the services contract between the City and the Business Associate.
- B. The Business Associate may use or disclose Protected Health Information as required by law.

EXHIBIT C
HIPAA BUSINESS ASSOCIATE AGREEMENT

- C. The Business Associate shall make its internal practices, books and records, including policies and procedures, relating to the use and disclosures of Protected Health Information available to the Secretary of the United States Department of Health and Human Services for purposes of determining compliance with HIPAA.
- D. Within ten (10) calendar days of receipt of a request by the City, the Business Associate shall permit any individual whose Protected Health Information is maintained by the Business Associate to have access to and to copy his or her Protected Health Information, in the format requested, unless it is not readily producible in such format, in which case it shall be produced in hard copy format. In the event any individual requests access to Protected Health Information held by the Business Associate directly from the Business Associate, the Business Associate shall, within two (2) days forward such request to the City.

3. Prohibitions on Use and Disclosure of Protected Health Information by Business Associate.

- A. The Business Associate will not use or further disclose Personal Health Information except as permitted or required by this Agreement, or as required by law.
- B. The Business Associate shall not sell Protected Health Information, including patient or enrollee lists, nor use any Protected Health Information to engage in "marketing," as that term is defined in 45 CFR Part 164.501
- C. The Business Associate shall not disclose Personal Health Information to any member of its workforce unless the Business Associate has advised such person of the Business Associate's obligations under this Agreement and of the consequences for such person and for the Business Associate of violating them.
- D. The Business Associate shall not disclose Personal Health Information to any Agent, Subcontractor or other third party unless disclosure is required by law, or unless expressly approved in advance by the City in writing. Any such disclosure shall be made in accordance with 45 CFR Parts 164.502 and 164.308, and only upon the written agreement of the Agent, Subcontractor or other third party which shall include, at a minimum:
 - i. The agreement of such Agent, Subcontractor or other third party that creates, receives, maintains, or transmits protected health information on behalf of the Business Associate agree to be bound to the same restrictions, conditions and requirements that apply to Business Associate with respect to such information;
 - ii. Reasonable assurances from such Agent, Subcontractor or other third party that Personal Health Information will be held confidential as provided in this Agreement, and only disclosed as required by law or for the purposes for which it was disclosed to such Agent, Subcontractor or other third party; and
 - iii. An agreement from such Agent, Subcontractor or other third party to immediately notify the Business Associate of any breaches of the confidentiality of Personal Health Information, to the extent it has obtained knowledge of such breach.

4. Safeguards for Protected Health Information.

- A. The Business Associate shall implement appropriate safeguards to prevent use or disclosure of Personal Health Information other than as permitted by this Agreement. The Business Associate shall provide the City with information concerning such safeguards as the City may from time to time request. Upon reasonable request, the Business Associate shall give the City access for inspection and copying to the Business Associate's facilities used for the maintenance and processing of Personal Health Information, and to its books, records, practices, policies, and procedures concerning the use and disclosure of Personal Health Information.

EXHIBIT C
HIPAA BUSINESS ASSOCIATE AGREEMENT

- B. The Business Associate and any Agent or Subcontractor shall comply with the minimum necessary requirements set forth in the HIPAA Rules when using or disclosing Personal Health Information. The Business Associate also agrees to mitigate, to the extent possible, any harmful effects of an improper use or disclosure of Personal Health Information by the Business Associate in violation of the requirements of this Agreement. The Business Associate shall make its internal practices, books, records, including policies and procedures, related to the use and disclosures of protected health information available to the Secretary of the United States Department of Health and Human Services, for purposes of determining compliance with HIPAA.
- C. The Business Associate shall maintain a record of all Personal Health Information disclosures made other than for the permitted purposes of this Agreement, including the date of disclosure, the name and, if known, the address of the recipient of the Personal Health Information, a brief description of the Personal Health Information disclosed, and the purposes of the disclosures.
- D. The Business Associate shall comply with all written directions from the City concerning:
 - i. any special limitations on the use or disclosure of Protected Health Information beyond the requirements of the HIPAA Rules;
 - ii. any changes in, or revocation of, the permission by an individual to use or disclose his or her Protected Health Information that may affect the Business Associate's use or disclosure of such information; and
 - iii. any restriction on the use or disclosure of Protected Health Information that the City has agreed to that may affect the Business Associate's use or disclosure of such information.
- E. Within ten (10) calendar days of notice by the City to the Business Associate that the City has received a request for an accounting of disclosures of Personal Health Information regarding an individual, the Business Associate shall make available to the City such information as is in the Business Associate's possession and is required for the City to make the accounting.
- F. Within five (5) business days of becoming aware of a use or disclosure of Personal Health Information in violation of this Agreement by the Business Associate, Agent or Subcontractor, the Business Associate shall report such disclosure or use in writing to the City and describe the remedial action taken or proposed to be taken with respect to such use or disclosure.
- G. The Business Associate shall make any amendment(s) to Protected Health Information in a designated record set as directed or agreed to by the City pursuant to 45 CFR Part 164.526, or take other measures as necessary to satisfy the City's obligations under 45 CFR Part 164.526.
- H. The Business Associate acknowledges that the additional requirements of the HITECH Act (Health Information Technology for Economic and Clinic Health Act enacted as part of the American Recovery and Reinvestment Act of 2009) and the Final Rule (also known as the Omnibus Rule) issued by the U.S. Department of Health and Human Services on January 25, 2013 are applicable to the Business Associate. The Business Associate further acknowledges restrictions on the sales and marketing of protected health information without the explicit authorization of the individual.
- I. To the extent the Business Associate is to carry out one of more of the City's obligations under Subpart E of 45 C.F.R. Part 164, the Business Associate will comply with the requirements of Subpart E that apply to the City in the performance of such obligations.
- J. The Business Associate may not use or disclose protected health information in a manner that would violate Subpart E of 45 C.F.R. Part 164 if done by the City except for the specific uses and disclosures set forth below:

EXHIBIT C
HIPAA BUSINESS ASSOCIATE AGREEMENT

- i. The Business Associate may disclose protected health information for the proper management and administration of the Business Associate or to carry out the legal responsibilities of the Business Associate, provided the disclosures are required by law, or the Business Associate obtains reasonable assurances from the person to whom the information is disclosed that the information remains confidential and used or further disclosed only as required by law or for the purposes for which it was disclosed to the person, and the person notifies the Business Associate of any instances in which it is aware in which the confidentiality of the information has been breached.
- ii. The Business Associate may provide data aggregation services related to the health care operations of the City.

5. Term of this Agreement; Termination; Procedures upon Termination.

- A. This Agreement shall become effective upon execution by the parties, and shall be effective as of the date of the last party to sign.
- B. The term of this Agreement shall expire with the close of business the contract expiration date. Provided, that either party may terminate this Agreement on any basis at any time prior to the expiration of the term upon written notice to the other party.
- C. Except as provided in paragraph D, below, upon termination of this Agreement, the Business Associate shall return or destroy all Personal Health Information received from the City, or created or received by the Business Associate on behalf of the City. This provision shall also apply to Personal Health Information that is in the possession of Agents or Subcontractors of the Business Associate. The Business Associate shall retain no copies of the Personal Health Information.
- D. In the event that the Business Associate determines that returning or destroying the Personal Health Information is not feasible, the Business Associate shall provide to the City written notification of the conditions that make return or destruction infeasible. Upon agreement by the City that return or destruction of Personal Health Information is not feasible, the Business Associate shall extend the protections of this Agreement to such Personal Health Information and limit further uses and disclosures of such Personal Health Information to those purposes that make the return or destruction infeasible, for so long as the Business Associate maintains the Personal Health Information. The Business Associate shall continue to use appropriate safeguards and comply with Subpart C of 45 C.F.R. Part 164 with respect to electronic protected health information to prevent use or disclosure of the protected health information, other than as provided for in this Section, for as long as Business Associate retains the protected health information.
- E. The Business Associate shall not use or disclosure the protected health information retained by the Business Associate other than for the purposes for which the protected health information was retained and subject to the same conditions set out in this Agreement which applied prior to Termination.
- F. Survival. The obligations of the Business Associate under this Section shall survive the termination of this Agreement.

6. Other Provisions.

- A. **Indemnification.** The Business Associate shall indemnify and hold harmless the City from and against any and all costs, liabilities, losses, damages and expenses (including, but not limited to, reasonable attorneys' fees) resulting from any claim, lawsuit or proceeding brought by a third party against the City and arising from or related to a breach or alleged breach by the Business Associate or the Business Associate's Agents or Subcontractors of the obligations referenced herein. The Business Associate's obligation to indemnify shall survive the expiration or termination of the Contract.

EXHIBIT C
HIPAA BUSINESS ASSOCIATE AGREEMENT

- B. **Remedies for Breach.** Without limiting the rights of the parties under paragraph 5, should the Business Associate breach any of its obligations under this Agreement, the City may at its option: (i) exercise its rights of access and inspection under paragraph 2, above; and/or (ii) report the breach to the Secretary of the United States Department of Health and Human Services.
- C. **Notices.** Any notice by a party required or provided for under this Agreement shall be effective upon delivery via regular or electronic mail to the other party at the following address:

To the City:	To the Business Associate:
Name: <u>Bryan Dore</u>	Name: <u>James C. Fox</u>
Phone: <u>(512) 974-3480</u>	Phone: <u>651-234-0540</u>
Fax: <u>(512) 974-3420</u>	Fax: <u>651-635-0980</u>
Email: <u>Bryan.Dore@austintexas.gov</u>	Email: <u>jw_fox@jag.com</u>

- D. **Amendments.** Upon the enactment of any law or regulation affecting the use or disclosure of protected health information, or the publication of any decision of a court of the United States or State of Texas relating to any such law, or the publication of any interpretive policy or opinion of any governmental agency charged with the enforcement of any such law or regulation, the parties may, by written instrument executed by the parties, amend this Agreement in such a manner as the City determines necessary to comply with such law or regulation. Notwithstanding the foregoing, if the City and Business Associate have not amended this Agreement to address a law or final regulation that becomes effective after the effective date of this Agreement and that is applicable to this Agreement, then upon the effective date of such law or regulation (or any portion thereof) this Agreement shall be amended automatically and deemed to incorporate such new or revised provisions as are necessary for this Agreement to be consistent with such law or regulation for the City and the Business Associate to be and remain in compliance with all applicable laws and regulations.
- E. **Construction of Terms.** A reference in this Agreement to a section in the HIPAA Rules means the section in effect or as amended at the time. Any ambiguity in this Agreement shall be interpreted to permit compliance with the HIPAA Rules.

Agreed to by the parties through the signatures of their authorized representatives below:

THE CITY OF AUSTIN, TEXAS

By: [Signature]
[Signature]
Name: Bryan Dore
Title: Compensation Mgr
Date: 10/16/17

THE BUSINESS ASSOCIATE:

By: [Signature]
[Signature]
Name: James C. Fox
Title: Managing Director
Organization Name: Gallagher Benefit Services Inc
Date: 10/16/17



**ADDENDUM
REQUEST FOR PROPOSAL
CITY OF AUSTIN, TEXAS**

RFP: RWS0503

Addendum No: 3

Date of Addendum: May 23, 2017

This addendum incorporates the following question and answer to the above-referenced RFP.

I. Questions and Answers:

1. (Q) Section 0500 Scope of Work 3.3.1 addresses the Total Compensation Report, 3.3.3 addresses the Market Study. It appears that the Market Study requirements are embedded within the Total Compensation Report requirements (i.e. the Market Study is a necessary component of the Total Compensation Report). Could you please clarify how these two requirements are distinct and how they are to be separated in the proposal?
- (A) The Total Compensation Report looks at the cash compensation plan as a whole, and the value of the benefits package, and compares the total compensation package to the City's peers. The Market Study is focused on cash compensation and on individual classifications or job families.

The purpose of the Total Compensation Report is to guide policy regarding competitiveness; the purpose of the Market Study is to guide decisions on market-based adjustments to individual classifications.

II. ALL OTHER TERMS AND CONDITIONS REMAIN THE SAME.

APPROVED BY:



Roger Stricklin, Contract Management Specialist IV
Purchasing Office

05/23/2017
Date

ACKNOWLEDGED BY:

Vendor Name

Authorized Signature

Date

RETURN ONE COPY OF THIS ADDENDUM TO THE PURCHASING OFFICE, CITY OF AUSTIN, WITH YOUR RESPONSE OR PRIOR TO THE SOLICITATION CLOSING DATE. FAILURE TO DO SO MAY CONSTITUTE GROUNDS FOR REJECTION.



**ADDENDUM
REQUEST FOR PROPOSAL
CITY OF AUSTIN, TEXAS**

RFP: RWS0503

Addendum No: 2

Date of Addendum: May 22, 2017

This addendum incorporates the following changes, questions and answers to the above-referenced RFP.

I. Section 0615 Price Proposal Forms:

1. Replace Section 0615-1 Price Proposal Form – Benefit Programs and Section 0615-2 Price Proposal Form – Compensation Programs with the revised Price Proposal Forms attached to this Addendum (updated to correct paragraph number references to Section 0500 Scope of Work).

II. Questions and Answers:

1. (Q) Is there a percentage requirement for responders to use MWBEs? Will the City accept good faith efforts if there is a requirement to use a MWBE as a subcontractor?
(A) As noted in Section 0900 of the RFP, there is not a percentage requirement for Proposers to use MBE/WBE firms as subcontractors. However, if subcontractors will be used, Proposers shall enter that information in Section 0605 Local Business Presence Identification, Section 0900 Subcontracting/Sub-Consulting ("Subcontractor") Utilization Form and Section 0905 Subcontracting/Sub-Consulting ("Subcontractor") Utilization Plan and return those sections as part of their proposal response.
2. (Q) Are there any issues with the City's current broker/consultant?
(A) Please see the response to Question 4 of Addendum 1 to this RFP.
3. (Q) What is the goal of this RFP – e.g., to satisfy a requirement that services be bid at certain intervals, to gain more robust consulting/strategic services, better service, a fresh perspective, etc.?
(A) Please see the response to Question 5 of Addendum 1 to this RFP.
4. (Q) How is the current broker/consultant compensated – e.g., hourly fees, flat-dollar annual retainer plus hourly fees for special projects, commissions, other, combination, etc.?
(A) Please use the following link to view the contract file, including compensation information:
https://www.austintexas.gov/financeonline/contract_catalog/index.cfm

Enter the Master Agreement number of the current contract, NA120000030, in the Search Contract Catalog field. On the next page, click on the magnifying glass icon under Search Results, then click on "View Contract."

5. (Q) What was the sum of all broker/consultant compensation – all sources (fees, commissions, retainer, etc.) – for the period January-December 2016?
 (A) Please use the link and directions in the answer to Question 4 above. Rather than clicking on "View Contract," click on "View Order List." This history of purchase orders issued against the current contract can be downloaded to Excel and sorted to obtain the information requested in this question.
6. (Q) The Scope of Services mentions assistance with the preparation of RFPs. Please complete the grid, indicating when each benefit is next scheduled to be marketed.

	Market 2018 (Effective 1/1/19)	Market 2019 (Effective 1/1/20)	Other (Indicate Effective date)
Medical	X		
Rx	X		
FSA			
EAP			
Wellness			
Dental			
Vision			
Life			
Disability			
Def			
Compensation			
Supplemental Benefits			

- (A) Please see the above grid for the City's response. Please note that the only RFP assistance needed will be for the medical and pharmacy contracts – not any other contracts.

III. ALL OTHER TERMS AND CONDITIONS REMAIN THE SAME.

APPROVED BY:


 Roger Sticklin, Contract Management Specialist IV
 Purchasing Office

05/22/2017
 Date

ACKNOWLEDGED BY:

 Vendor Name

 Authorized Signature

 Date

RETURN ONE COPY OF THIS ADDENDUM TO THE PURCHASING OFFICE, CITY OF AUSTIN, WITH YOUR RESPONSE OR PRIOR TO THE SOLICITATION CLOSING DATE. FAILURE TO DO SO MAY CONSTITUTE GROUNDS FOR REJECTION.

CITY OF AUSTIN
SCOPE OF WORK
ACTUARIAL AND CONSULTING SERVICES FOR BENEFIT PROGRAMS
AND CONSULTING SERVICES FOR COMPENSATION PROGRAMS
SECTION 0615-1: PRICE PROPOSAL FORM-BENEFIT PROGRAMS
SOLICITATION NUMBER: RFP RWS0503

	Primary Consultant/ Actuary Estimated Hours		Total Cost	Secondary Consultant/ Actuary Estimated Hours		Total Cost	Analyst Estimated Hours		Total Cost	Additional Personnel Estimated Hours		Total Cost	Other Itemized Direct Costs (to include onsite presentations)		Total Cost	Total Not to Exceed Program Cost
	Hours	Rate	=	Hours	Rate	=	Hours	Rate	=	Hours	Rate	=	Hours	Rate	=	
3.2.1 Fiscal Year Expenditures and Rates			\$ -			\$ -			\$ -			\$ -			\$ -	\$ -
3.2.2 Plan Design Changes			\$ -			\$ -			\$ -			\$ -			\$ -	\$ -
3.2.3 GASB Compliance - Other Postemployment Benefits			\$ -			\$ -			\$ -			\$ -			\$ -	\$ -
3.2.4 Quarterly Performance Report			\$ -			\$ -			\$ -			\$ -			\$ -	\$ -
3.2.5 Annual Report			\$ -			\$ -			\$ -			\$ -			\$ -	\$ -
3.2.6 Annual Employer Survey			\$ -			\$ -			\$ -			\$ -			\$ -	\$ -
3.2.7 Auditing																
1. Medical Claims Administrator Audit			\$ -			\$ -			\$ -			\$ -			\$ -	\$ -
2. Pharmacy Benefit Manager Audit			\$ -			\$ -			\$ -			\$ -			\$ -	\$ -
3. Dental Claims Administrator Audit			\$ -			\$ -			\$ -			\$ -			\$ -	\$ -
4. Flextra Claims Administrator Audit			\$ -			\$ -			\$ -			\$ -			\$ -	\$ -
3.2.8 Vendor Proposal Development, Evaluation, and Negotiation Assistance																
1. Medical Claims Administration Component			\$ -			\$ -			\$ -			\$ -			\$ -	\$ -
2. Individual Medical Stop-Loss Component			\$ -			\$ -			\$ -			\$ -			\$ -	\$ -
3. Pharmacy Benefit Management Component			\$ -			\$ -			\$ -			\$ -			\$ -	\$ -
4. Care Management Component			\$ -			\$ -			\$ -			\$ -			\$ -	\$ -
3.2.9 Retiree Medical Plan Options			\$ -			\$ -			\$ -			\$ -			\$ -	\$ -
3.2.10 Compliance Assistance			\$ -			\$ -			\$ -			\$ -			\$ -	\$ -
3.2.11 Annual Strategy Meeting			\$ -			\$ -			\$ -			\$ -			\$ -	\$ -
3.2.12 Other Services			\$ -			\$ -			\$ -			\$ -			\$ -	\$ -
Total for First Year																\$ -

CITY OF AUSTIN
SCOPE OF WORK
ACTUARIAL AND CONSULTING SERVICES FOR BENEFIT PROGRAMS
AND CONSULTING SERVICES FOR COMPENSATION PROGRAMS
SECTION 0615-1: PRICE PROPOSAL FORM-BENEFIT PROGRAMS
SOLICITATION NUMBER: RFP RWS0503

Indicate the maximum cost increase, if any, for each of the subsequent contract years.

Contract Year	Maximum percentage increase:	Total Not To Exceed Cost:
2		
3		
4		
5		

Five Year Total:	\$	-
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CITY OF AUSTIN
SCOPE OF WORK
ACTUARIAL AND CONSULTING SERVICES FOR BENEFIT PROGRAMS
AND CONSULTING SERVICES FOR COMPENSATION PROGRAMS
SECTION 0615-2: PRICE PROPOSAL FORM-COMPENSATION PROGRAMS
SOLICITATION NUMBER: RFP RWS0503

	Primary Consultant/ Actuary Estimated Hours		Total Cost	Secondary Consultant/ Actuary Estimated Hours		Total Cost	Analyst Estimated Hours		Total Cost	Additional Personnel Estimated Hours		Total Cost	Other Itemized Direct Costs (to include onsite presentations)		Total Cost	Total Not to Exceed Project Cost
	Hours	Rate	=	Hours	Rate	=	Hours	Rate	=	Hours	Rate	=	Hours	Rate	=	
3.3.1 Total Compensation (Rewards) Report			\$ -			\$ -			\$ -			\$ -			\$ -	\$ -
3.3.2 Equity Study			\$ -			\$ -			\$ -			\$ -			\$ -	\$ -
3.3.3 Market Study			\$ -			\$ -			\$ -			\$ -			\$ -	\$ -
Total for First Year																\$ -

Indicate the maximum cost increase, if any,
for each of the subsequent contract years.

Contract Year	Maximum percentage increase:	Total Not To Exceed Cost:
2		
3		
4		
5		

Five Year Total:	\$ -
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**ADDENDUM
REQUEST FOR PROPOSAL
CITY OF AUSTIN, TEXAS**

RFP: RWS0503

Addendum No: 1

Date of Addendum: May 19, 2017

This addendum incorporates the following changes, questions and answers to the above-referenced RFP.

I. Section 0615 Price Proposal Forms:

1. Replace Section 0615-1 Price Proposal Form – Benefit Programs and Section 0615-2 Price Proposal Form – Compensation Programs with the revised Price Proposal Forms attached to this Addendum.

II. Section 0500 Scope of Work:

1. Section 0500, Paragraph 3.2.3 GASB Compliance - Other Postemployment Benefits is revised to read as follows: "The Contractor shall provide GASB valuation for GASB Statements 45 and 75, as applicable, up to twice as frequently as annually as required by City. Additionally, the Contractor shall furnish compliance assistance and a discussion of pre-funding options. Currently, the City Retiree medical programs are not pre-funded."
2. Replace Section 0500, Paragraph 3.2.12 Other Services with the following: "Throughout the Contract term, City management may request the expertise of the Contractor for additional projects beyond the specific individual projects outlined herein. Please note that plan design changes are not included in Other Services."

III. Offer Sheet and Section 0600 Proposal Preparation Instructions and Evaluation Factors:

1. Revise page 1 of the Offer Sheet to read, "**SUBMIT 1 ORIGINAL AND ~~SIX (6)~~ SEVEN (7) ELECTRONIC COPIES (FLASH DRIVES) OF YOUR RESPONSE.**"
2. Revise Section 0600, section 1, Proposal Format to read, "Proposers shall submit one original paper copy and ~~six~~ seven electronic copies of the Proposal in PDF format on ~~six~~ seven separate flash drives."

IV. Questions and Answers:

1. (Q) Prior Actuary's Report: For GASB 45/75, can we obtain a copy of the last full valuation report and the last interim (roll forward report)?
(A) This data should be requested through a Public Information Request. Pursuant to section 552.301(c) of the Government Code, the City of Austin has designated certain addresses to receive requests for public information sent by electronic

mail. For requests seeking records held by the Austin Police Department, the address is: management.records@austintexas.gov. For requests seeking records held by any other City department, the address is: public.information@austintexas.gov. Your request will not be considered received unless it is sent to the proper address.

2. (Q) Historical Fees: For GASB 45/75, can we obtain a summary of fees for the last full valuation report and the last interim (roll forward report)?
(A) This data should be requested through a Public Information Request. Pursuant to section 552.301(c) of the Government Code, the City of Austin has designated certain addresses to receive requests for public information sent by electronic mail. For requests seeking records held by the Austin Police Department, the address is: management.records@austintexas.gov. For requests seeking records held by any other City department, the address is: public.information@austintexas.gov. Your request will not be considered received unless it is sent to the proper address.
3. (Q) Special/Additional Requirements from Prior Report: Is there anything in the existing valuation report (analysis) that was excluded that the City would like added to the report? For example, special reporting by division/bargaining groups, etc.
(A) The data provided by the City will include department number and employee classification by sworn and non-sworn. The report currently produced is broken out in this manner.
4. (Q) Incumbent Actuary: Does the City have any concerns with the existing actuarial work (GASB 45) by the incumbent (prior) actuary?
(A) No, the City does not have any concerns with the existing actuarial work (GASB 45) by the incumbent actuary.
5. (Q) Can you please let me know if you currently receive actuarial services from a consulting firm, how long you have engaged this actuary, actuarial fees and why this RFP is being put out at this time?
(A) The City currently receives actuarial services under contract with Towers Watson. The contract term began January 1, 2012 and will end December 31, 2017.

Regarding actuarial fees, this data should be requested through a Public Information Request. Pursuant to section 552.301(c) of the Government Code, the City of Austin has designated certain addresses to receive requests for public information sent by electronic mail. For requests seeking records held by the Austin Police Department, the address is: management.records@austintexas.gov. For requests seeking records held by any other City department, the address is: public.information@austintexas.gov. Your request will not be considered received unless it is sent to the proper address.

The RFP is being issued at this time because the current contract expires December 31, 2017 with no remaining extension options, requiring the City to release a new competitive solicitation.

6. (Q) Fiscal Year Rates and Expenditures (Section 0500 Paragraph 3.2.1) – please confirm whether the three plans should be rated separately or combined (and allocated based on plan values).
(A) Yes, the Annual Rates and Fiscal Year expenditures should be separated by medical plan type (PPO, HMO and CDHP) and by participant status (active,

Medicare-eligible retirees and non-Medicare-eligible retirees). In the past the City has looked at all plans for Medicare-eligible retirees and all plans for non-Medicare-eligible retirees.

7. (Q) Plan design pricing (Section 0500 Paragraph 3.2.2) – please specify when the first iteration will be provided and how many monthly updates will follow.
(A) The first iteration is to be provided prior to the end of January using December claims information, and monthly through April.
8. (Q) Annual report (Section 0500 Paragraph 3.2.5) – please provide the length of the current report and confirm how many break-outs of annual experience should be provided (ie, PPO, HMO, CDHP, active, pre-65 and post-65 retiree). Should the analysis include utilization statistics and cost per occurrence for each sub-group?
(A) The current report is 88 pages, with 10 sections. It is broken out by all plans, and by active, Medicare-eligible retirees, and non-Medicare-eligible retirees, and includes medical, pharmacy and employee self-insured dental plan experience.
9. (Q) Claims audits (Section 0500 Paragraph 3.2.7) – please provide desired sample size for each audit. For Pharmacy, please indicate whether audit should include review of adherence to plan provisions, contract terms (ie, discounts, rebates, etc.) or both.
(A) The sample size should be sufficient for statistical validity. For Pharmacy, the audit should include both review of adherence to plan provisions and contract terms (i.e., discounts, rebates, etc.)
10. (Q) Contractor Proposal Development (Section 0500 Paragraph 3.2.8) – how many vendors will be evaluated for each RFP process? How many finalists will be selected?
(A) All responsive proposals received for each RFP process will be evaluated. One finalist will be selected for each RFP process.
11. (Q) Retiree Medical Plan Options (Section 0500 Paragraph 3.2.9) – please clarify whether the consulting firm that assists with strategy and vendor selection for Retiree Medical Plan Options may eventually submit a proposal for the solution?
(A) The Contractor that assists with strategy and vendor selections for Retiree Medical Plan Options cannot submit a proposal for that solution.
12. (Q) Compliance/RDS attestation (Scope of Work Paragraph 3.2.10) – Specify how many plans should be tested.
(A) All three plans should be tested – PPO, HMO and CDHP.
13. (Q) Other Services (Section 0500 Paragraph 3.2.12) – Please specify how many hours should be assumed for this section.
(A) Proposers should assume an average of 40 hours per contract year for Other Services.
14. (Q) Confirm whether the City wishes to have periodic (monthly, biweekly, etc.) plan management calls.
(A) The City wishes to have biweekly plan management calls between December and May for the Benefits Programs, and monthly calls for the Compensation Programs.

15. (Q) Confirm what, if any, services should be provided around Excise Tax projection, ACA MV and Affordability presentations to Council.
(A) If these services are required, they would be relatively minimal and would be included as Other Services.
16. (Q) Please specify how many meetings are anticipated with Council, vendors or other groups.
(A) It is anticipated that the Contractor will meet with City management at least once per project, in addition to any required conference calls.
17. (Q) For the forms listed in Section 0600 to be included in Tab 2, how should firms handle any comments or exceptions from legal. For example, if changes to the BAA are required, may we submit a red-lined version rather than a signed copy?
(A) Any exceptions taken to any section or provision of the RFP shall be documented using Section 0630 – Exceptions Form. Use that form to identify the RFP section where the exception is located, specify the page number, section number and description, enter the proposed replacement language and show your justification for taking the exception. Proposers shall use Section 0630 for all exceptions rather than red-lining provisions or sections of the RFP.
- If exceptions are taken to the Section 0640 BAA note those exceptions in Section 0630 and return the unsigned BAA in your proposal response.
18. (Q) For the license status updates mentioned in Section 0600 to be included in Tab 3, please clarify what licenses should be included. Do these include licenses for the firm or for individual consultants?
(A) Proposers shall provide with their Proposal any license relevant to the Scope of Work. Those licenses shall include both licenses for the firm and for the individual employees that will be assigned to work under the Contract, as applicable.
19. (Q) The Section 0500 Scope of Work, Paragraph 3.3, mentions a total of 974 City Job Classifications. Will all of these Job Classifications be used as benchmarks in the reports and studies required in Paragraph 3.3? Or will only specific job groups or families be covered under the reports and studies?
(A) The percentage of Job Classifications included in benchmarking will vary by job family. Some job families will have 50% of their classifications benchmarked; 30% of the full classification schedule for citywide (non-civil service, non-executive: ~350) will be benchmarked; all executive job classifications will be benchmarked.
20. (Q) Per Section 0500 Scope of Work, Paragraph 3.2.3, has the City conducted an evaluation of the impact of GASB 75 compliance? When will the next evaluation be done? Will it be within the next 6-12 months?
(A) The City has not previously conducted an evaluation. The start date for the City's GASB 75 compliance review is October 1, 2017.
21. (Q) Does Total Compensation as mentioned in Section 0500 Scope of Work, Paragraph 3.3.1 include base pay plus incentives?
(A) The Total Compensation report should include market data on total cash rewards (base plus bonus/incentives as applicable).
22. (Q) Are only specific benefits to be included in the Total Compensation study (for instance, dental, medical, paid leave)?

- (A) The study should include benchmark data on the value and variety of benefits, to include healthcare, retirement, vacation/leave policies, and wellness initiatives.
23. (Q) Who will be on the proposal evaluation committee?
(A) There will be several employees of the City's Human Resources Department on the evaluation committee, representing the areas of expertise needed to review and score the proposals.
24. (Q) Are there any specific requests for proposal or new contracts that will be coming up early in the contract term?
(A) Yes, an RFP for medical and pharmacy benefits is anticipated to be issued in early 2018.
25. (Q) Will the City be open to using alternate methodologies for evaluating provider contracts? Would the City consider provider pricing solutions such as Medicare Plus Pricing?
(A) Yes. During development of the medical and pharmacy benefits RFP as well as during the proposal process, the City will welcome the Contractor's recommendations on such methodologies.
26. (Q) When does the City anticipate convening with proposers for any follow-up meetings (as part of the proposal evaluation process)?
(A) The City anticipates that these meetings will occur in mid-to-late June if they are required.

V. Attached is the sign-in sheet from the Pre-Proposal Meeting on May 11, 2017 at 9:00 AM.

VI. **ALL OTHER TERMS AND CONDITIONS REMAIN THE SAME.**

APPROVED BY:



Roger Stricklin, Contract Management Specialist IV
Purchasing Office

05/19/2017
Date

ACKNOWLEDGED BY:

Vendor Name

Authorized Signature

Date

RETURN ONE COPY OF THIS ADDENDUM TO THE PURCHASING OFFICE, CITY OF AUSTIN, WITH YOUR RESPONSE OR PRIOR TO THE SOLICITATION CLOSING DATE. FAILURE TO DO SO MAY CONSTITUTE GROUNDS FOR REJECTION.

CITY OF AUSTIN
SCOPE OF WORK
ACTUARIAL AND CONSULTING SERVICES FOR BENEFIT PROGRAMS
AND CONSULTING SERVICES FOR COMPENSATION PROGRAMS
SECTION 0615-1: PRICE PROPOSAL FORM-BENEFIT PROGRAMS
SOLICITATION NUMBER: RFP RWS0503

	Primary Consultant/ Actuary Estimated Hours		Total Cost	Secondary Consultant/ Actuary Estimated Hours		Total Cost	Analyst Estimated Hours		Total Cost	Additional Personnel Estimated Hours		Total Cost	Other Itemized Direct Costs (to include onsite presentations)		Total Cost	Total Not to Exceed Program Cost
	Hours	Rate	=	Hours	Rate	=	Hours	Rate	=	Hours	Rate	=	Hours	Rate	=	
3.4.1 Fiscal Year Expenditures and Rates			\$ -			\$ -			\$ -			\$ -			\$ -	\$ -
3.4.2 Plan Design Changes			\$ -			\$ -			\$ -			\$ -			\$ -	\$ -
3.4.3 GASB Compliance - Other Postemployment Benefits			\$ -			\$ -			\$ -			\$ -			\$ -	\$ -
3.4.4 Quarterly Performance Report			\$ -			\$ -			\$ -			\$ -			\$ -	\$ -
3.4.5 Annual Report			\$ -			\$ -			\$ -			\$ -			\$ -	\$ -
3.4.6 Annual Employer Survey			\$ -			\$ -			\$ -			\$ -			\$ -	\$ -
3.4.7 Auditing																
1. Medical Claims Administrator Audit			\$ -			\$ -			\$ -			\$ -			\$ -	\$ -
2. Pharmacy Benefit Manager Audit			\$ -			\$ -			\$ -			\$ -			\$ -	\$ -
3. Dental Claims Administrator Audit			\$ -			\$ -			\$ -			\$ -			\$ -	\$ -
4. Flextra Claims Administrator Audit			\$ -			\$ -			\$ -			\$ -			\$ -	\$ -
3.4.8 Vendor Proposal Development, Evaluation, and Negotiation Assistance																
1. Medical Claims Administration Component			\$ -			\$ -			\$ -			\$ -			\$ -	\$ -
2. Individual Medical Stop-Loss Component			\$ -			\$ -			\$ -			\$ -			\$ -	\$ -
3. Pharmacy Benefit Management Component			\$ -			\$ -			\$ -			\$ -			\$ -	\$ -
4. Care Management Component			\$ -			\$ -			\$ -			\$ -			\$ -	\$ -
3.4.9 Retiree Medical Plan Options			\$ -			\$ -			\$ -			\$ -			\$ -	\$ -
3.4.10 Compliance Assistance			\$ -			\$ -			\$ -			\$ -			\$ -	\$ -
3.4.11 Annual Strategy Meeting			\$ -			\$ -			\$ -			\$ -			\$ -	\$ -
3.4.12 Other Services			\$ -			\$ -			\$ -			\$ -			\$ -	\$ -
Total for First Year																\$ -

CITY OF AUSTIN
SCOPE OF WORK
ACTUARIAL AND CONSULTING SERVICES FOR BENEFIT PROGRAMS
AND CONSULTING SERVICES FOR COMPENSATION PROGRAMS
SECTION 0615-1: PRICE PROPOSAL FORM-BENEFIT PROGRAMS
SOLICITATION NUMBER: RFP RWS0503

Indicate the maximum cost increase, if any, for each of the subsequent contract years.

Contract Year	Maximum percentage increase:	Total Not To Exceed Cost:
2		
3		
4		
5		

Five Year Total:	\$ -
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CITY OF AUSTIN
SCOPE OF WORK
ACTUARIAL AND CONSULTING SERVICES FOR BENEFIT PROGRAMS
AND CONSULTING SERVICES FOR COMPENSATION PROGRAMS
SECTION 0615-2: PRICE PROPOSAL FORM-COMPENSATION PROGRAMS
SOLICITATION NUMBER: RFP RWS0503

	Primary Consultant/ Actuary Estimated Hours		Total Cost	Secondary Consultant/ Actuary Estimated Hours		Total Cost	Analyst Estimated Hours		Total Cost	Additional Personnel Estimated Hours		Total Cost	Other Itemized Direct Costs (to include onsite presentations)		Total Cost	Total Not to Exceed Project Cost
	Hours	Rate	=	Hours	Rate	=	Hours	Rate	=	Hours	Rate	=	Hours	Rate	=	
3.5.1 Total Compensation (Rewards) Report			\$ -			\$ -			\$ -			\$ -			\$ -	\$ -
3.5.2 Equity Study			\$ -			\$ -			\$ -			\$ -			\$ -	\$ -
3.5.3 Market Study			\$ -			\$ -			\$ -			\$ -			\$ -	\$ -
Total for First Year																\$ -

Indicate the maximum cost increase, if any,
for each of the subsequent contract years.

Contract Year	Maximum percentage increase:	Total Not To Exceed Cost:
2		
3		
4		
5		

Five Year Total:	\$ -
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CITY OF AUSTIN, TEXAS
Purchasing Office
REQUEST FOR PROPOSAL (RFP)
OFFER SHEET

SOLICITATION NO: RFP RWS0503

DATE ISSUED: May 1, 2017

COMMODITY/SERVICE DESCRIPTION: Actuarial Services and Employee Benefits Consulting

REQUISITION NO.: RQM 5800-17041200424

COMMODITY CODE: 94612

PRE-PROPOSAL CONFERENCE TIME AND DATE: May 11, 2017, 9:00 AM Central Time

LOCATION: 124 W. 8th Street, 3rd Floor, Austin, TX 78701

FOR CONTRACTUAL AND TECHNICAL ISSUES CONTACT THE FOLLOWING AUTHORIZED CONTACTS:

Primary Contact

Roger Stricklin

Contract Management Specialist IV

Phone: (512) 974-1727

E-Mail: Roger.Stricklin@austintexas.gov

Secondary Contact

Sandy Wirtanen

Procurement Specialist III

Phone: (512) 974-7711

E-Mail: Sandy.Wirtanen@austintexas.gov

PROPOSAL DUE PRIOR TO: May 25, 2017, 2:00 PM Central Time

PROPOSAL CLOSING TIME AND DATE: May 25 2017, 3:00 PM Central Time

LOCATION: MUNICIPAL BUILDING, 124 W 8th STREET
 RM 308, AUSTIN, TEXAS 78701

LIVE SOLICITATION CLOSING ONLINE: For RFP's, only the names of respondents will be read aloud

For information on how to attend the Solicitation Closing online, please select this link:

<http://www.austintexas.gov/department/bid-opening-webinars>

When submitting a sealed Offer and/or Compliance Plan, use the proper address for the type of service desired, as shown below:

Address for US Mail (Only)	Address for FedEx, UPS, Hand Delivery or Courier
City of Austin	City of Austin, Municipal Building
Purchasing Office-Response Enclosed for Solicitation # RWS0503	Purchasing Office-Response Enclosed for Solicitation # RWS0503
P.O. Box 1088	124 W 8 th Street, Rm 308
Austin, Texas 78767-8845	Austin, Texas 78701
	Reception Phone: (512) 974-2500

NOTE: Offers must be received and time stamped in the Purchasing Office prior to the Due Date and Time. It is the responsibility of the Offeror to ensure that their Offer arrives at the receptionist's desk in the Purchasing Office prior to the time and date indicated. Arrival at the City's mailroom, mail terminal, or post office box will not constitute the Offer arriving on time. See Section 0200 for additional solicitation instructions.

All Offers (including Compliance Plans) that are not submitted in a sealed envelope or container will not be considered.

SUBMIT 1 ORIGINAL AND SIX (6) ELECTRONIC COPIES (FLASH DRIVES) OF YOUR RESPONSE

*****SIGNATURE FOR SUBMITTAL REQUIRED ON PAGE 3 OF THIS DOCUMENT*****

This solicitation is comprised of the following required sections. Please ensure to carefully read each section including those incorporated by reference. By signing this document, you are agreeing to all the items contained herein and will be bound to all terms.

SECTION NO.	TITLE	PAGES
0100	STANDARD PURCHASE DEFINITIONS	*
0200	STANDARD SOLICITATION INSTRUCTIONS	*
0300	STANDARD PURCHASE TERMS AND CONDITIONS	*
0400	SUPPLEMENTAL PURCHASE PROVISIONS	6
0500	SCOPE OF WORK	7
0600	PROPOSAL PREPARATION INSTRUCTIONS & EVALUATION FACTORS	6
0605	LOCAL BUSINESS PRESENCE IDENTIFICATION FORM – Complete and return	2
0610	BUSINESS ORGANIZATION INFORMATION – Complete and return	2
0615-1	PRICE PROPOSAL FORM – BENEFITS PROGRAMS – Complete and return	2
0615-2	PRICE PROPOSAL FORM – COMPENSATION PROGRAMS – Complete and return	1
0620-1	PERFORMANCE MEASURES - BENEFITS PROGRAMS – Complete and return	2
0620-2	PERFORMANCE MEASURES - COMPENSATION PROGRAMS – Complete and return	1
0630	EXCEPTIONS FORM – Complete and return	1
0640	HIPAA BUSINESS ASSOCIATE AGREEMENT – Complete and return	5
0800	NON-DISCRIMINATION AND NON-RETALIATION CERTIFICATION – Complete and return	2
0805	NON-SUSPENSION OR DEBARMENT CERTIFICATION	*
0810	NON-COLLUSION, NON-CONFLICT OF INTEREST, AND ANTI-LOBBYING CERTIFICATION	*
0835	NONRESIDENT BIDDER PROVISIONS – Complete and return	1
0900	SUBCONTRACTING/SUB-CONSULTING UTILIZATION FORM – Complete and return	1
0905	SUBCONTRACTING/SUB-CONSULTING UTILIZATION PLAN – Complete and return if applicable	3
ATT I	2017 EMPLOYEE BENEFITS GUIDE	60
ATT II	2017 BENEFITS ENROLLMENT GUIDE FOR RETIREES AND SURVIVING DEPENDENTS	36
ATT III	PLAN DESIGN CHANGE SUMMARY	1

*** Documents are hereby incorporated into this Solicitation by reference, with the same force and effect as if they were incorporated in full text. The full text versions of the * Sections are available on the Internet at the following online address:**

http://www.austintexas.gov/financeonline/vendor_connection/index.cfm#STANDARDBIDDOCUMENTS

If you do not have access to the Internet, you may obtain a copy of these Sections from the City of Austin Purchasing Office located in the Municipal Building, 124 West 8th Street, Room #308 Austin, Texas 78701; phone (512) 974-2500. Please have the Solicitation number available so that the staff can select the proper documents. These documents can be mailed, expressed mailed, or faxed to you.

INTERESTED PARTIES DISCLOSURE

In addition, Section 2252.908 of the Texas Government Code requires the successful offeror to complete a Form 1295 "Certificate of Interested Parties" that is signed and notarized for a contract award requiring council authorization. The "Certificate of Interested Parties" form must be completed on the Texas Ethics Commission website, printed, signed and submitted to the City by the authorized agent of the Business Entity with acknowledgment that disclosure is made under oath and under penalty of perjury prior to final contract execution.

https://www.ethics.state.tx.us/whatsnew/elf_info_form1295.htm

The undersigned, by his/her signature, represents that he/she is submitting a binding offer and is authorized to bind the respondent to fully comply with the solicitation document contained herein. The Respondent, by submitting and signing below, acknowledges that he/she has received and read the entire document packet sections defined above including all documents incorporated by reference, and agrees to be bound by the terms therein.

Company Name: _____

Company Address: _____

City, State, Zip: _____

Federal Tax ID No. _____

Printed Name of Officer or Authorized
Representative: _____

Title: _____

Signature of Officer or Authorized
Representative: _____

Date: _____

Email Address: _____

Phone Number: _____

*** Proposal response must be submitted with this Offer sheet to be considered for award**

**CITY OF AUSTIN
PURCHASING OFFICE
SUPPLEMENTAL PURCHASE PROVISIONS**

The following Supplemental Purchasing Provisions apply to this solicitation:

1. **EXPLANATIONS OR CLARIFICATIONS:** (reference paragraph 5 in Section 0200)

All requests for explanations or clarifications must be submitted in writing to the Purchasing Office no later than 3:00 PM on the date one week prior to the solicitation opening date. Questions may be made via email to Roger.Stricklin@austintexas.gov.

2. **INSURANCE:** Insurance is required for this solicitation.

A. **General Requirements:** See Section 0300, Standard Purchase Terms and Conditions, paragraph 32, entitled Insurance, for general insurance requirements.

- i. The Contractor shall provide a Certificate of Insurance as verification of coverages required below to the City at the below address prior to contract execution and within 14 calendar days after written request from the City. Failure to provide the required Certificate of Insurance may subject the Offer to disqualification from consideration for award
- ii. The Contractor shall not commence work until the required insurance is obtained and until such insurance has been reviewed by the City. Approval of insurance by the City shall not relieve or decrease the liability of the Contractor hereunder and shall not be construed to be a limitation of liability on the part of the Contractor.
- iii. The Contractor must also forward a Certificate of Insurance to the City whenever a previously identified policy period has expired, or an extension option or holdover period is exercised, as verification of continuing coverage.
- iv. The Certificate of Insurance, and updates, shall be mailed to the following address:

City of Austin Purchasing Office
P. O. Box 1088
Austin, Texas 78767

B. **Specific Coverage Requirements:** The Contractor shall at a minimum carry insurance in the types and amounts indicated below for the duration of the Contract, including extension options and hold over periods, and during any warranty period. These insurance coverages are required minimums and are not intended to limit the responsibility or liability of the Contractor.

- i. **Worker's Compensation and Employers' Liability Insurance:** Coverage shall be consistent with statutory benefits outlined in the Texas Worker's Compensation Act (Section 401). The minimum policy limits for Employer's Liability are \$100,000 bodily injury each accident, \$500,000 bodily injury by disease policy limit and \$100,000 bodily injury by disease each employee.
 - (1) The Contractor's policy shall apply to the State of Texas and include these endorsements in favor of the City of Austin:
 - (a) Waiver of Subrogation, Form WC420304, or equivalent coverage
 - (b) Thirty (30) days Notice of Cancellation, Form WC420601, or equivalent coverage
- ii. **Commercial General Liability Insurance:** The minimum bodily injury and property damage per occurrence are \$500,000 for coverages A (Bodily Injury and Property Damage) and B (Personal and Advertising Injury).
 - (1) The policy shall contain the following provisions:
 - (a) Contractual liability coverage for liability assumed under the Contract and all other Contracts related to the project.
 - (b) Contractor/Subcontracted Work.

**CITY OF AUSTIN
PURCHASING OFFICE
SUPPLEMENTAL PURCHASE PROVISIONS**

- (c) Products/Completed Operations Liability for the duration of the warranty period.
 - (d) If the project involves digging or drilling provisions must be included that provide Explosion, Collapse, and/or Underground Coverage.
- (2) The policy shall also include these endorsements in favor of the City of Austin:
 - (a) Waiver of Subrogation, Endorsement CG 2404, or equivalent coverage
 - (b) Thirty (30) days Notice of Cancellation, Endorsement CG 0205, or equivalent coverage
 - (c) The City of Austin listed as an additional insured, Endorsement CG 2010, or equivalent coverage
- iii. **Business Automobile Liability Insurance:** The Contractor shall provide coverage for all owned, non-owned and hired vehicles with a minimum combined single limit of \$500,000 per occurrence for bodily injury and property damage. Alternate acceptable limits are \$250,000 bodily injury per person, \$500,000 bodily injury per occurrence and at least \$100,000 property damage liability per accident.
 - (1) The policy shall include these endorsements in favor of the City of Austin:
 - (a) Waiver of Subrogation, Endorsement CA0444, or equivalent coverage
 - (b) Thirty (30) days Notice of Cancellation, Endorsement CA0244, or equivalent coverage
 - (c) The City of Austin listed as an additional insured, Endorsement CA2048, or equivalent coverage.
- iv. **Professional Liability Insurance:** The Contractor shall provide coverage, at a minimum limit of \$5,000,000 per claim, to pay on behalf of the assured all sums which the assured shall become legally obligated to pay as damages by reason of any negligent act, error, or omission arising out of the performance of professional services under this Agreement.

If coverage is written on a claims-made basis, the retroactive date shall be prior to or coincident with the date of the Contract and the certificate of insurance shall state that the coverage is claims-made and indicate the retroactive date. This coverage shall be continuous and will be provided for 24 months following the completion of the contract.

- C. **Endorsements:** The specific insurance coverage endorsements specified above, or their equivalents must be provided. In the event that endorsements, which are the equivalent of the required coverage, are proposed to be substituted for the required coverage, copies of the equivalent endorsements must be provided for the City's review and approval.

3. **TERM OF CONTRACT:**

- A. The Contract shall be in effect for an initial term of 36 months and may be extended thereafter for up to two additional 12 month periods, subject to the approval of the Contractor and the City Purchasing Officer or his designee.
- B. Upon expiration of the initial term or period of extension, the Contractor agrees to hold over under the terms and conditions of this agreement for such a period of time as is reasonably necessary to re-solicit and/or complete the project (not to exceed 120 days unless mutually agreed on in writing).
- C. Upon written notice to the Contractor from the City's Purchasing Officer or his designee and acceptance of the Contractor, the term of this contract shall be extended on the same terms and conditions for an additional period as indicated in paragraph A above.
- D. Prices are firm and fixed for the first 12 months. Thereafter, price changes are subject to the Economic Price Adjustment provisions of this Contract.

**CITY OF AUSTIN
PURCHASING OFFICE
SUPPLEMENTAL PURCHASE PROVISIONS**

4. **INVOICES and PAYMENT:** (reference paragraphs 12 and 13 in Section 0300)

- A. Invoices shall contain a unique invoice number and the information required in Section 0300, paragraph 12, entitled "Invoices." Invoices received without all required information cannot be processed and will be returned to the vendor.

Invoices shall be mailed to the below address:

	City of Austin
Department	Human Resources Department
Attn:	Administration Division
Address	P. O. Box 1088
City, State Zip Code	Austin, TX 78767

- B. The Contractor agrees to accept payment by either credit card, check or Electronic Funds Transfer (EFT) for all goods and/or services provided under the Contract. The Contractor shall factor the cost of processing credit card payments into the Offer. There shall be no additional charges, surcharges, or penalties to the City for payments made by credit card.

5. **LIQUIDATED DAMAGES:** Time is of the essence in the performance of the Contract; therefore, the Contractor shall strictly adhere to the Contract schedule. No changes shall be effective unless in writing, executed by both the City and the Contractor. The parties agree that if, due to no fault of the City, delivery of any material or performance of any service is delayed beyond the time specified in the Contract, the Contractor therefore agrees to pay, and the City agrees to accept as liquidated damages, the amounts/percentages listed in Sections 0620-1 and 0620-2.

6. **NON-COLLUSION, NON-CONFLICT OF INTEREST, AND ANTI-LOBBYING:**

- A. On November 10, 2011, the Austin City Council adopted Ordinance No. 20111110-052 amending Chapter 2.7, Article 6 of the City Code relating to Anti-Lobbying and Procurement. The policy defined in this Code applies to Solicitations for goods and/or services requiring City Council approval under City Charter Article VII, Section 15 (Purchase Procedures). During the No-Contact Period, Offerors or potential Offerors are prohibited from making a representation to anyone other than the Authorized Contact Person in the Solicitation as the contact for questions and comments regarding the Solicitation.
- B. If during the No-Contact Period an Offeror makes a representation to anyone other than the Authorized Contact Person for the Solicitation, the Offeror's Offer is disqualified from further consideration except as permitted in the Ordinance.
- C. If an Offeror has been disqualified under this article more than two times in a sixty (60) month period, the Purchasing Officer shall debar the Offeror from doing business with the City for a period not to exceed three (3) years, provided the Offeror is given written notice and a hearing in advance of the debarment.
- D. The City requires Offerors submitting Offers on this Solicitation to certify that the Offeror has not in any way directly or indirectly made representations to anyone other than the Authorized Contact Person during the No-Contact Period as defined in the Ordinance. The text of the City Ordinance is posted on the Internet at: <http://www.ci.austin.tx.us/edims/document.cfm?id=161145>

**CITY OF AUSTIN
PURCHASING OFFICE
SUPPLEMENTAL PURCHASE PROVISIONS**

7. ECONOMIC PRICE ADJUSTMENT:

- A. **Price Adjustments:** Prices shown in this Contract shall remain firm for the first 12 months of the Contract. After that, in recognition of the potential for fluctuation of the Contractor's cost, a price adjustment (increase or decrease) may be requested by either the City or the Contractor on the anniversary date of the Contract or as may otherwise be specified herein. The percentage change between the contract price and the requested price shall not exceed the percentage change between the specified index in effect on the date the solicitation closed and the most recent, non-preliminary data at the time the price adjustment is requested. The requested price adjustment shall not exceed ten percent (10%) for any single line item and in no event shall the total amount of the contract be automatically adjusted as a result of the change in one or more line items made pursuant to this provision. Prices for products or services unaffected by verifiable cost trends shall not be subject to adjustment.
- B. **Effective Date:** Approved price adjustments will go into effect on the first day of the upcoming renewal period or anniversary date of contract award and remain in effect until contract expiration unless changed by subsequent amendment.
- C. **Adjustments:** A request for price adjustment must be made in writing and submitted to the other Party prior to the yearly anniversary date of the Contract; adjustments may only be considered at that time unless otherwise specified herein. Requested adjustments must be solely for the purpose of accommodating changes in the Contractor's direct costs. Contractor shall provide an updated price listing once agreed to adjustment(s) have been approved by the parties.
- D. **Indexes:** In most cases an index from the Bureau of Labor Standards (BLS) will be utilized; however, if there is more appropriate, industry recognized standard then that index may be selected.
- i. The following definitions apply:
- (1) **Base Period:** Month and year of the original contracted price (the solicitation close date).
 - (2) **Base Price:** Initial price quoted, proposed and/or contracted per unit of measure.
 - (3) **Adjusted Price:** Base Price after it has been adjusted in accordance with the applicable index change and instructions provided.
 - (4) **Change Factor:** The multiplier utilized to adjust the Base Price to the Adjusted Price.
 - (5) **Weight %:** The percent of the Base Price subject to adjustment based on an index change.
- ii. **Adjustment-Request Review:** Each adjustment-request received will be reviewed and compared to changes in the index identified below. Where applicable:
- (1) Utilize final Compilation data instead of Preliminary data
 - (2) If the referenced index is no longer available shift up to the next higher category index.
- iv. **Index Identification:** Complete table as they may apply.

Weight % or \$ of Base Price: 100%	
Database Name: Producer Price Index	
Series ID: PCU541610541610	
<input checked="checked" type="checkbox"/> Not Seasonally Adjusted	<input type="checkbox"/> Seasonally Adjusted
Geographical Area: United States	
Description of Series ID: Management consulting services	
This Index shall apply to the following items of the Price Proposal: All	

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- E. **Calculation:** Price adjustment will be calculated as follows:

Single Index: Adjust the Base Price by the same factor calculated for the index change.

Index at time of calculation
Divided by index on solicitation close date
Equals Change Factor
Multiplied by the Base Rate
Equals the Adjusted Price

- F. If the requested adjustment is not supported by the referenced index, the City, at its sole discretion, may consider approving an adjustment on fully documented market increases.
8. **INTERLOCAL PURCHASING AGREEMENTS:** (applicable to competitively procured goods/services contracts).
- A. The City has entered into Interlocal Purchasing Agreements with other governmental entities, pursuant to the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Contractor agrees to offer the same prices and terms and conditions to other eligible governmental agencies that have an interlocal agreement with the City.
- B. The City does not accept any responsibility or liability for the purchases by other governmental agencies through an interlocal cooperative agreement.
9. **OWNERSHIP AND USE OF DELIVERABLES:** The City shall own all rights, titles, and interests throughout the world in and to the Deliverables.
- A. **Patents:** As to any patentable subject matter contained in the Deliverables, the Contractor agrees to disclose such patentable subject matter to the City. Further, if requested by the City, the Contractor agrees to assign and, if necessary, cause each of its employees to assign the entire right, title, and interest to specific inventions under such patentable subject matter to the City and to execute, acknowledge, and deliver and, if necessary, cause each of its employees to execute, acknowledge, and deliver an assignment of letters patent, in a form to be reasonably approved by the City, to the City upon request by the City.
- B. **Copyrights:** As to any Deliverable containing copyrighted subject matter, the Contractor agrees that upon their creation, such Deliverables shall be considered as work made-for-hire by the Contractor for the City and the City shall own all copyrights in and to such Deliverables, provided however, that nothing in this Paragraph 36 shall negate the City's sole or joint ownership of any such Deliverables arising by virtue of the City's sole or joint authorship of such Deliverables. Should by operation of law, such Deliverables not be considered work made-for-hire, the Contractor hereby assigns to the City (and agrees to cause each of its employees providing services to the City hereunder to execute, acknowledge, and deliver an assignment to the City of Austin) all worldwide right, title, and interest in and to such Deliverables. With respect to such work made-for-hire, the Contractor agrees to execute, acknowledge and deliver and cause each of its employees providing services to the City hereunder to execute, acknowledge, and deliver a work-for-hire agreement, in a form to be reasonably approved by the City, to the City upon delivery of such Deliverables to the City or at such other time as the City may request.
- C. **Additional Assignments:** The Contractor further agrees to, and if applicable, cause each of its employees to execute, acknowledge, and deliver all applications, specifications, oaths, assignments, and all other instruments which the City might reasonably deem necessary in order to apply for and

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obtain copyright protection, mask work registration, trademark registration and/or protection, letters patent, or any similar rights in any and all countries and in order to assign and convey to the City, its successors, assigns, and nominees, the sole and exclusive right, title, and interest in and to the Deliverables, The Contractor's obligations to execute acknowledge, and deliver (or cause to be executed, acknowledged, and delivered) instruments or papers such as those described in this Paragraph 36 A., B., and C. shall continue after the termination of this Contract with respect to such Deliverables. In the event the City should not seek to obtain copyright protection, mask work registration or patent protection for any of the Deliverables, but should arise to keep the same secret, the Contractor agrees to treat the same as Confidential Information under the terms of Paragraph above.

10. **CONTRACT MANAGER:** The following person is designated as Contract Manager, and will act as the contact point between the City and the Contractor during the term of the Contract:

Bridgett Kovar

(512) 974-3226

Bridgett.Kovar@austintexas.gov

*Note: The above listed Contract Manager is not the authorized Contact Person for purposes of the **NON-COLLUSION, NON-CONFLICT OF INTEREST, AND ANTI-LOBBYING Provision** of this Section; and therefore, contact with the Contract Manager is prohibited during the no contact period.

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1. SPECIAL INSTRUCTIONS & PROPOSAL FORMAT

Special Instructions:

Proposers may submit a proposal for any or all Benefit Programs (defined in Section 0500 Paragraph 3.2) and any or all Compensation Programs (defined in Section 0500 Paragraph 3.3). The City reserves the right to make Contract award to more than one Contractor for these services.

Proposers may submit a proposal for any or all Benefit Programs. The City may elect to award separate Contracts for each Benefit Program or combine the programs into one Contract. However, the City prefers an integrated approach for all Benefit Programs.

Proposer may submit a proposal for any or all Compensation Programs. The City may elect to award separate contracts for each Compensation Program or combine the programs into one Contract. However, the City prefers an integrated approach for all Compensation Programs.

The City will accept proposals from qualified firms, agents and brokers. Firms are not required to have a broker represent them; the City will Contract directly with the firm, not the agent/broker. However, if the City receives more than one proposal from any given firm, all proposals for that firm will be rejected and the Contractor will be deemed non-responsive. Broker's fees/commissions are at the Contractor's expense.

Proposers are expected to closely read this Request for Proposal (RFP) and provide complete responses to each section along with a binding signature of intent to comply with the terms and conditions outlined herein. Proposers should review each section carefully as their response will become part of the final Contract. Rejection of or requesting exceptions to the provisions outlined in this RFP may be cause for rejection of a Proposer's Proposal.

Proposal Format:

Proposers shall submit one original paper copy and six electronic copies of the Proposal in PDF format on six separate flash drives. The original Proposal shall be typed on standard (8.5 X 11 inch) paper and shall have consecutively numbered pages. The original copy shall be bound or in a 3-ring binder, shall be clearly labeled as "**ORIGINAL**" and shall include the original signature of the person authorized to sign on behalf of the Offeror.

Proposals must be organized in the following format and information sequence. Use tabs to divide each part of your Proposal and include a Table of Contents. Proposers shall provide all details in the Proposal as required in Section 0500 Scope of Work and any additional information deemed necessary to evaluate the Proposal.

Tab 1 - Executive Summary

Provide an Executive Summary of three pages or less, which gives in brief, concise terms, a summation of the Proposal.

The Executive Summary shall include:

- a. Organization chart of your team servicing the City, including contact information;
- b. Years in business;

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- c. Summary of your company's history and experience;
- d. Number of public sector clients;
- e. Number of large employer groups (over 5,000 employees);
- f. Ability to perform long term;
- g. Frequency, quality, and subject matter of professional publications;
- h. Your organization's ability to exceed the performance of other clients/customers in relation to:
 - Cost
 - Financial Strength
 - Customer Service
 - Actuarial Services
 - Consulting Services

The Executive Summary shall also address your organization's commitment to serving the City of Austin's needs relative to the needs of your other clients/customers.

Tab 2 – City of Austin Purchasing Documents

Complete and submit the following documents as part of the Proposal:

- a. Completed and signed Offer and Award Sheet
- b. Signed Addendums (all pages)
- c. Completed Section 0605: Local Business Presence Identification Form
If you will be utilizing Subcontractors, include the Subcontractor's information on this form.
- d. Completed and signed Section 0640: HIPAA Business Associate Agreement
- e. Completed and signed Section 0800 Non-Discrimination and Non-Retaliation Certification
- f. Completed Section 0835 Non-Resident Bidder Provisions
- g. Completed and signed Section 0900 Subcontracting/Sub/Consulting Utilization Form
- h. Completed Section 0905: Subcontracting/Sub-Consulting Utilization Plan
If you will be utilizing Subcontractors, you must contact the Small and Minority Business Resources Department (SMBR) at (512) 974-7600 to obtain a list of MBE and WBE firms available to perform the service and include the completed Section 0900, MBE/WBE No Goals Form with your Proposal packet. Include the Section 0900, MBE/WBE No Goals Form in Tab 2h of your Proposal along with all the required SMBR documentation and Good Faith Efforts.

Tab 3 - Business Organization

Provide the following:

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- a. Authorized Negotiator: Include name, address, and telephone number of person in your organization authorized to negotiate Contract terms and render binding decisions on Contract matters. The City prefers this representative to be the CEO, COO, Executive Officer, Underwriter or Legal Counsel.
- b. Describe your company's organizational capacity to fulfill the requirements contained within the Scope of Work and Supplemental Purchasing Provisions. Include your company's mission, financial resources, organizational stability, dedicated resources, industrial knowledge, and unique knowledge, skills, and abilities.
- c. Provide your company's organizational structure. Provide an organizational chart which identifies leadership and reporting responsibilities, and which describes how your team will interface with the City's Contract Manager. If partnerships/subcontractors are proposed, identify their placement in the organizational structure and provide internal management description for each subcontractor.
- d. A diagram illustrating the legal relationship between all of the organizations involved in the Actuarial and Consulting Services solution. Provide at a minimum, the name of the organization, legal relationship, and length of the relationship.
- e. A statement on company letterhead that your company is in good standing with all relevant licensing and regulatory agencies with no unresolved complaints, history of suspension, fines or other disciplinary actions, and has continuously maintained your license for the past five years. If the Offeror is a partnership/joint venture, this information shall be submitted for each partner.
- f. A copy of any applicable State of Texas licenses.
- g. The completed **Section 0610** Business Organization Form including all requested information.

Tab 4 – Experience & Qualifications

Provide the following:

- a. Your company's relevant experience, qualifications, and expertise providing services described in the Scope of Work. If partnerships/subcontractors are proposed, describe your company's experience in managing these relationships. Letters of Recommendation that your company has received may be included.
- b. A list of five current or previous public sector clients with over 5,000 employees. All client reference information must be supported and verified. Reference contacts must be aware that they are being used and should be agreeable to City interview for follow-up. References shall include the following:
 - Agency
 - Number of employees
 - Year contract was awarded and length of contract
 - Agency contract manager
 - Title
 - Direct telephone number
 - Email address
- c. A list of all of your public sector clients in Texas. Identify public sector clients which have 5,000 or more employees. Provide a list of large employer groups with over 10,000 employees.
- d. A comprehensive list of all your company's professional publications for the last two years. Publications include but are not limited to: bulletins, newsletters, and articles published by your

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company. In addition, the Proposer can also provide actual publications to demonstrate expertise in the field.

- e. Information on your organization's nationally recognized surveys regarding employer health benefits. Provide a copy of the most recent survey results published by your company.
- f. Identify key person names, titles, and qualifications of all employees (including the Single Point of Contact) who will be actively engaged in this project, and resumes for all employees that will perform work under the resulting Contract (limit 2 pages per person). Do not include the experience of employees who will not actively participate. Include the following for each key person:
 - List the number of clients for which each is responsible
 - Indicate percentage of time each will be allocated to the City of Austin
 - Office location
 - Proof of professional licensure and American Academy of Actuaries membership

Tab 5 – Program Coverage Requirements

For each of the programs described in Paragraphs 3.2 and 3.3 of Section 0500 Scope of Work:

- Describe your work plan by tasks. Detail the steps you will take in proceeding from task one to the final tasks. Include such time-related displays, graphs, and charts as necessary to show tasks, sub-tasks, milestones, and decision points related to the project and your plan for accomplishment.
- Specify the points at which written, deliverable reports will be provided.
- Show the amount of progress payments you are requesting upon the successful completion of milestones and/or tasks.

Tab 6 – Implementation Timeline

Assuming a transition commencing September 1, 2017 and a contract start date of October 1, 2017, provide a detailed transition plan outlining all the steps associated with the implementation timeline through commencement.

Tab 7 – Price Proposal

- a. Confirm in writing acceptance of each requirement below:
 - Guarantee rates for the initial 36-month period regardless of actual enrollment.
 - Provide guaranteed rates or maximum percentage rate caps for the two 12-month extension option periods regardless of actual enrollment.
 - Maximum Percentage Rate Caps are to be included in the Proposal, entered in Section 0615-1 and Section 0615-2.
 - In order for the City to prepare its future budgets, preliminary rates will be determined based on the Maximum Percentage Rate Caps. Final rates for the following contract year must be submitted no later than March 15th of each year (i.e., final rates for 2019 submitted by March 15, 2018).
 - All costs for requirements listed in this RFP, shall be included as part of the Contractor's fee; including labor, materials, supplies, printing services, travel expenses, delivery/transportation costs, and general and administrative burden in providing the City with the services as described in the Section 0500 Scope of Work.
 - Agrees not to change the program services for the term of this contract without prior City

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approval. Any changes recommended for any renewal period must be approved and agreed upon in advance and in writing by the City.

- b. Price Proposal - Complete and submit a separate **Section 0615 Price Proposal Form** for each of the programs listed below and place in this tab.
- 0615-1 Benefits Programs Price Proposal Form
 - 0615-2: Compensation Programs Price Proposal Form

The Program Coverage Requirements, as detailed in the Scope of Work, Section 0500, detail when the City anticipates onsite presentation(s). The cost for an onsite presentation shall be provided separately on the appropriate Price Proposal Form and included in the not to exceed total price for each program. The program fees shall be proposed in annual totals.

Tab 8 – Performance Measures & Exceptions

- a. Complete the **Section 0620-1** and **Section 0620-2** Performance Measures forms.
- b. Confirm acceptance of each performance measure. Any exceptions to the proposed language in Section 0620-1 or 0620-2 Performance Measures must be indicated in Section 0630. Please state alternative language along with the business need for the alternative language in that Section.
- c. Indicate if the requested liquidated damages and payout timeline is acceptable and if not, indicate what is acceptable.
- d. List and provide additional performance guarantees provided to your clients along with acceptable liquidated damages.
- e. Detail any business exceptions that you will require on Section 0630 - **Exceptions**. Be advised that exceptions to any portion of the Solicitation may jeopardize acceptance of your Proposal.

2. PROPOSAL ACCEPTANCE PERIOD

All Proposals are valid for a period of one hundred and eighty (180) calendar days subsequent to the RFP closing date unless a longer acceptance period is offered in the Proposal.

3. PROPRIETARY INFORMATION

All material submitted to the City becomes public property and is subject to the Texas Open Records Act upon receipt. If a Proposer does not desire proprietary information in the Proposal to be disclosed, each page must be identified and marked proprietary at time of submittal. The City will, to the extent allowed by law, endeavor to protect such information from disclosure. The final decision as to what information must be disclosed, however, lies with the Texas Attorney General. Failure to identify proprietary information will result in all unmarked sections being deemed non-proprietary and available upon public request.

4. PROPOSAL PREPARATION COST

All costs directly or indirectly related to preparation of a response to the RFP or any oral presentation required to supplement and/or clarify a Proposal which may be required by the City shall be the sole responsibility of the Proposer.

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5. EVALUATION FACTORS AND AWARD

- a. **Competitive Selection**: This procurement will comply with applicable City of Austin Policy. The City, on a rational basis, will select the successful Proposer. Evaluation factors outlined in Paragraph (b) below shall be applied to all eligible, responsive Proposers in comparing Proposals and selecting the successful Proposer. Award of a contract may be made without discussion with Proposers after Proposals are received. Proposals should, therefore, be submitted on the most favorable terms.
- b. **Evaluation Factors**: All proposals will be evaluated based on the following criteria and rankings.

Maximum 100 points.

1. Business Organization and Experience & Qualifications (**maximum 10 points**)
2. Program Coverage Requirements and Implementation Timeline (**maximum 40 points**)
3. Price Proposal (**maximum 20 points**)
4. Performance Measures & Exceptions (**maximum 20 points**)
5. **Local Business Presence (maximum 10 points)**

The City seeks opportunities for businesses in the Austin Corporate City Limits to participate on City contracts. A firm (Offeror or Subcontractor) is considered to have a Local Business Presence if the firm is headquartered in the Austin Corporate City Limits, or has a branch office located in the Austin Corporate City Limits in operation for the last five (5) years, currently employs residents of the City of Austin, Texas, and will use employees that reside in the City of Austin, Texas, to support this contract. The City defines headquarters as the administrative center where most of the important functions and full responsibility for managing and coordinating the business activities of the firm are located. The City defines branch office as a smaller, remotely located office that is separate from a firm's headquarters that offers the services requested and required under this solicitation. Points will be awarded through a combination of the Offeror's Local Business Presence and/or the Local Business Presence of their subcontractors. Evaluation of the Team's Percentage of Local Business Presence will be based on the dollar amount of work as reflected in the Offeror's MBE/WBE Compliance Plan or MBE/WBE Utilization Plan. Specify if and by which definition the Offeror or Subcontractor(s) have a local business presence.

Team's Local Business Presence	Points Awarded
Local business presence of 90% to 100%	10
Local business presence of 75% to 89%	8
Local business presence of 50% to 74%	6
Local business presence of 25% to 49%	4
Local presence of between 1 and 24%	2
No local presence	0

- c. The City will score Proposals on the basis of the criteria listed above. The City may select a "short list" of Proposers based on those scores. "Short-listed" Proposers may be invited for presentations or demonstrations with the City. The City reserves the right to re-score "short-listed" proposals as a result, and to make award recommendations on that basis.

Section 0605: Local Business Presence Identification

A firm (Offeror or Subcontractor) is considered to have a Local Business Presence if the firm is headquartered in the Austin Corporate City Limits, or has a branch office located in the Austin Corporate City Limits in operation for the last five (5) years, currently employs residents of the City of Austin, Texas, and will use employees that reside in the City of Austin, Texas, to support this Contract. The City defines headquarters as the administrative center where most of the important functions and full responsibility for managing and coordinating the business activities of the firm are located. The City defines branch office as a smaller, remotely located office that is separate from a firm's headquarters that offers the services requested and required under this solicitation.

OFFEROR MUST SUBMIT THE FOLLOWING INFORMATION FOR EACH LOCAL BUSINESS (INCLUDING THE OFFEROR, IF APPLICABLE) TO BE CONSIDERED FOR LOCAL PRESENCE.

NOTE: ALL FIRMS MUST BE IDENTIFIED ON THE MBE/WBE COMPLIANCE PLAN OR NO GOALS UTILIZATION PLAN (REFERENCE SECTION 0900).

USE ADDITIONAL PAGES AS NECESSARY

OFFEROR:

Name of Local Firm		
Physical Address		
Is your headquarters located in the Corporate City Limits? (circle one)	Yes	No
or		
Has your branch office been located in the Corporate City Limits for the last 5 years?	Yes	No
Will your business be providing additional economic development opportunities created by the contract award? (e.g., hiring, or employing residents of the City of Austin or increasing tax revenue?)	Yes	No

SUBCONTRACTOR(S):

Name of Local Firm		
Physical Address		
Is your headquarters located in the Corporate City Limits? (circle one)	Yes	No
or		
Has your branch office been located in the Corporate City Limits for the last 5 years	Yes	No

Will your business be providing additional economic development opportunities created by the contract award? (e.g., hiring, or employing residents of the City of Austin or increasing tax revenue?)	Yes	No

SUBCONTRACTOR(S):

Name of Local Firm		
Physical Address		
Is your headquarters located in the Corporate City Limits? (circle one)	Yes	No
or		
Has your branch office been located in the Corporate City Limits for the last 5 years	Yes	No
Will your business be providing additional economic development opportunities created by the contract award? (e.g., hiring, or employing residents of the City of Austin or increasing tax revenue?)	Yes	No

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SECTION 0610: BUSINESS ORGANIZATION INFORMATION
SOLICITATION NUMBER: RFP RWS0503**

Provide the information requested in each section below. Once completed, place this document in Tab 3 of your Proposal response.

Requested Information	Response
Name of Organization	
Name of Parent Company (if applicable)	
Location of corporate office	
Federal Tax ID Number	
Legal form of organization (corporation, partnership, non-profit, etc.)	
Years of operation as an actuarial and consulting firm?	
How long has your firm provided the type of services quoted in this proposal?	
How long has your firm been operating in Texas?	
Office servicing the contract:	
Location	
Number of staff as of 2017	
Number of clients as of 2017	
Have you been the subject of litigation by a client or employer? List any litigation identified by complaint in the past five (5) years.	
Provide a disclosure of all State and Federal regulatory actions taken against your organization in the last five (5) years. Include all settlements with federal regulators, state regulators, state insurance departments, and/or Attorney General which are currently pending or have been completed in the last five (5) years.	
Provide a copy of your organization's Business Continuity Plan which must include a plan between the City and your company to continue services should the City's functions and operations (e.g. designated contact, hotline to customer service for employees to use, website for employees to access, etc) cease due to an unexpected event or disaster.	
Has your company ever failed to complete any work awarded to you? If so, where and why?	

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Has your firm ever been terminated from a contract? If so, where and why?	
If applicable provide your organization's most current financial rating as described by the following rating sources. A.M. Best Fitch, Moody's Standard & Poor's Weiss Comdex	

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SECTION 0620-1: PERFORMANCE MEASURES-BENEFIT PROGRAMS
SOLICITATION NO. RFP RWS0503**

The following are the City's terms regarding performance measurements. Review this document, comment on each performance measure, and then place in Tab 8 of your Proposal.

	PERFORMANCE MEASURE	ACCEPTABLE PERFORMANCE	LIQUIDATED DAMAGE	AGREE YES/NO
1.	Dedicated Staff Response Employee Benefits staff will contact the contractor to ask questions and resolve issues. We require quick turn-around times for answers or resolutions.	The Contractor's dedicated staff will respond to electronic mail from City staff by the end of the next business day. The City will document the dates and times of un-retuned electronic mail.	\$500 per occurrence. The Contractor's failure to meet this measure will result in the Contractor's payment to the City.	
2.	Fiscal Year Expenditures, Rates, and Plan Design Inaccurate or delayed information will result in the City's failure to provide the City's management team and Council necessary information to complete the budget process.	Contractor will deliver updates to the City within five (5) business days of receipt of claims information with no substantive content or typing errors.	10% of the fees for this item. The Contractor's failure to meet this measure will result in the Contractor's payment to the City.	
3.	GASB Compliance –Other Postemployment Benefits Inaccurate or delayed information will result in the City's failure to provide the consolidated annual financial reports timely.	Contractor will deliver GASB projects to the City by the agreed upon timeframe with no substantive content or typing errors.	10% of the fees for this item. The Contractor's failure to meet this measure will result in the Contractor's payment to the City.	
4.	Quarterly Performance Reports Inaccurate or delayed information will result in the City's failure to successfully evaluate the City's medical plan and pharmacy benefit administration.	Contractor will deliver accurate quarterly performance measures to the City within five (5) business days of receipt of claims information with no substantive content errors.	10% of the fees for this item. The Contractor's failure to meet this measure will result in the Contractor's payment to the City.	
5.	Annual Report Inaccurate or delayed information will result in the City's failure to successfully evaluate the City's	Contractor will deliver the Annual Report by the last day of March with no substantive content or	10% of the fees for this item. The Contractor's	

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	PERFORMANCE MEASURE	ACCEPTABLE PERFORMANCE	LIQUIDATED DAMAGE	AGREE YES/NO
	current benefit programs.	typing errors.	failure to meet this measure will result in the Contractor's payment to the City.	
6.	Annual Employer Survey Inaccurate or delayed information will result in the City's failure to successfully evaluate the City's current benefit programs.	Contractor will deliver the Annual Employer Survey by the first of February with no substantive content or typing errors.	10% of the fees for this item. The Contractor's failure to meet this measure will result in the Contractor's payment to the City.	
7.	Audits Inaccurate or delayed information will result in the City's failure to successfully evaluate the City's current benefit programs.	Contractor will perform audits of third party administrators by the agreed upon timeframe with no substantive content or typing errors.	10% of the fees for this item. The Contractor's failure to meet this measure will result in the Contractor's payment to the City.	
8.	Vendor Proposal Development, Evaluation, and Negotiation Assistance Inaccurate or delayed information will result in the City's failure to offer and award contracts for future benefit programs.	Contractor will assist the City in developing, evaluating, and negotiating vendor proposals for current and future projects by the agreed upon timeframe with no substantive content or typing errors.	10% of the fees for this item. The Contractor's failure to meet this measure will result in the Contractor's payment to the City.	
9.	Compliance Assistance Inaccurate or delayed information will result in the City's failure to provide the successfully evaluate the City's current benefit programs.	Contractor will deliver an annual retiree actuarial attestation of the City's retiree medical plans for the Medicare Part D claim subsidy within the deadlines set by Medicare and Medicaid Service's (CMS) with no substantive content or typing errors.	10% of the fees for this item. The Contractor's failure to meet this measure will result in the Contractor's payment to the City.	

**CITY OF AUSTIN
PURCHASING OFFICE
ACTUARIAL AND CONSULTING SERVICES FOR BENEFIT PROGRAMS
AND CONSULTING SERVICES FOR COMPENSATION PROGRAMS
SECTION 0620-2: PERFORMANCE MEASURES-COMPENSATION PROGRAMS
SOLICITATION NO. RFP RWS0503**

The following are the City's terms regarding performance measurements. Review this document, comment on each performance measure, and then place in Tab 8 of your Proposal.

	PERFORMANCE MEASURE	ACCEPTABLE PERFORMANCE	LIQUIDATED DAMAGE	AGREE YES/NO
1.	Dedicated Staff Response Employee Compensation staff will contact the contractor to ask questions and resolve issues. We require quick turn-around times for answers or resolutions.	The Contractor's dedicated staff will respond to electronic mail from City staff by the end of the next business day. The City will document the dates and times of un-retuned electronic mail.	\$500 per occurrence. The Contractor's failure to meet this measure will result in the Contractor's payment to the City.	
2.	Total Compensation (Rewards) Report Inaccurate or delayed information will result in the City's failure to provide the City's management team and Council necessary information to complete the budget process.	Contractor will deliver the Total Compensation (Rewards) Report by the agreed upon timeframe with no substantive content or typing errors.	10% of the fees for this item. The Contractor's failure to meet this measure will result in the Contractor's payment to the City.	
3.	Equity Study Inaccurate or delayed information will result in the City's failure to provide the City's management team and Council necessary information to complete the budget process.	Contractor will deliver the Equity Study by the agreed upon timeframe with no substantive content or typing errors.	10% of the fees for this item. The Contractor's failure to meet this measure will result in the Contractor's payment to the City.	
4.	Market Study Inaccurate or delayed information will result in the City's failure to provide the City's management team and Council necessary information to complete the budget process.	Contractor will deliver the Market Study by the agreed upon timeframe with no substantive content or typing errors.	10% of the fees for this item. The Contractor's failure to meet this measure will result in the Contractor's payment to the City.	

Section 0630: Exceptions Form

Solicitation Number: RWS0503

The City will presume that the Offeror is in agreement with all sections of the solicitation unless the Offeror takes specific exception as indicated below. The City, at its sole discretion, may negotiate exceptions to the sections contained in the solicitation documents, or the City may deem the Offer non-responsive. The Offeror that is awarded the contract shall be required to sign the contract with the provisions accepted or negotiated.

Copies of this form may be utilized if additional pages are needed.

☐ Accepted as written.

☐ Not accepted as written. See below:

Indicate:

- ☐ **0300 Standard Purchase Terms & Conditions**
- ☐ **0400 Supplemental Purchase Provisions**
- ☐ **0500 Scope of Work**
- ☐ **0610 Business Organization Information**
- ☐ **0620-1 Performance Measures-Benefits Programs**
- ☐ **0620-2 Performance Measures-Compensation Programs**
- ☐ **0640 HIPAA Business Associate Agreement**

Page Number

Section Number

Section Description

Alternative Language:

Justification:

HIPAA BUSINESS ASSOCIATE AGREEMENT

This Agreement is made and entered into between the City of Austin ("City") and the person or entity identified in the signature block below (the "Business Associate"), and is made with reference to the following facts:

- i. The Program is subject to the privacy and other requirements of the Health Insurance Portability and Accountability Act of 1996 ("HIPAA");
- ii. Under the HIPAA Rules (defined below), the City is required to enter into a written agreement with the Business Associate under the terms and conditions provided below; and
- iii. The parties wish to enter into this Agreement in order to comply with the HIPAA Rules (defined below), and to safeguard Protected Health Information (defined below) appropriately.

Therefore, in consideration of their mutual undertakings set out in this Agreement, and for other good and valuable consideration, the parties agree to the following:

1. **Definitions.** As used in this Agreement:

- A. **"HIPAA Rules"** and/or "HIPAA" shall mean the Privacy, Security, Breach Notification, and Enforcement Rules implementing HIPAA and set out at 45 CFR Part 160 and Part 164.
- B. **"Individually Identifiable Health Information"** shall mean information collected from an individual, including demographic information, that:
 - i. Is created or received by the City and provided to the Business Associate; and
 - ii. Relates to: (a) the past, present, or future physical or mental health or condition of an individual; (b) the provision of healthcare to an individual; or (c) the past, present, or future payment for the provision of healthcare to an individual; and
 - iii. Which identifies the individual, or with respect to which there is a reasonable basis to believe the information can be used to identify the individual.
- C. **"Protected Health Information"** shall mean Individually Identifiable Health Information that is: (i) transmitted by electronic media; (ii) maintained in any medium constituting electronic media; or (iii) transmitted or maintained in any other form or medium.
- D. **"Agent"** and "Subcontractor" shall mean a third party who is not an employee in the workforce of the Business Associate and who receives Protected Health Information from the Business Associate for purposes of carrying out any part of the Business Associate's responsibilities under its services agreement with the City.
- E. **"Business Associate"** shall have the same meaning as the term "business associate" set out at 45 CFR Part 160.103, and in reference to the party to this agreement, shall be the party designated as a Business Associate.

2. **Permitted Uses and Disclosures of Protected Health Information by Business Associate.**

- A. The Business Associate may use or disclose Protected Health Information for the following purposes only: (i) to receive and process claims for payment for eligible Program participants; (ii) to maintain claims history and patient profiles; (iii) to maintain current eligibility data on Program participants; and (iv) for the management and administration of its internal business processes that relate to its legal responsibilities and its responsibilities under the services contract between the City and the Business Associate.
- B. The Business Associate may use or disclose Protected Health Information as required by law.

HIPAA BUSINESS ASSOCIATE AGREEMENT

- C. The Business Associate shall make its internal practices, books and records, including policies and procedures, relating to the use and disclosures of Protected Health Information available to the Secretary of the United States Department of Health and Human Services for purposes of determining compliance with HIPAA.
- D. Within ten (10) calendar days of receipt of a request by the City, the Business Associate shall permit any individual whose Protected Health Information is maintained by the Business Associate to have access to and to copy his or her Protected Health Information, in the format requested, unless it is not readily producible in such format, in which case it shall be produced in hard copy format. In the event any individual requests access to Protected Health Information held by the Business Associate directly from the Business Associate, the Business Associate shall, within two (2) days forward such request to the City.

3. Prohibitions on Use and Disclosure of Protected Health Information by Business Associate.

- A. The Business Associate will not use or further disclose Personal Health Information except as permitted or required by this Agreement, or as required by law.
- B. The Business Associate shall not sell Protected Health Information, including patient or enrollee lists, nor use any Protected Health Information to engage in "marketing," as that term is defined in 45 CFR Part 164.501
- C. The Business Associate shall not disclose Personal Health Information to any member of its workforce unless the Business Associate has advised such person of the Business Associate's obligations under this Agreement and of the consequences for such person and for the Business Associate of violating them.
- D. The Business Associate shall not disclose Personal Health Information to any Agent, Subcontractor or other third party unless disclosure is required by law, or unless expressly approved in advance by the City in writing. Any such disclosure shall be made in accordance with 45 CFR Parts 164.502 and 164.308, and only upon the written agreement of the Agent, Subcontractor or other third party which shall include, at a minimum:
 - i. The agreement of such Agent, Subcontractor or other third party that creates, receives, maintains, or transmits protected health information on behalf of the Business Associate agree to be bound to the same restrictions, conditions and requirements that apply to Business Associate with respect to such information;
 - ii. Reasonable assurances from such Agent, Subcontractor or other third party that Personal Health Information will be held confidential as provided in this Agreement, and only disclosed as required by law or for the purposes for which it was disclosed to such Agent, Subcontractor or other third party; and
 - iii. An agreement from such Agent, Subcontractor or other third party to immediately notify the Business Associate of any breaches of the confidentiality of Personal Health Information, to the extent it has obtained knowledge of such breach.

4. Safeguards for Protected Health Information.

- A. The Business Associate shall implement appropriate safeguards to prevent use or disclosure of Personal Health Information other than as permitted by this Agreement. The Business Associate shall provide the City with information concerning such safeguards as the City may from time to time request. Upon reasonable request, the Business Associate shall give the City access for inspection and copying to the Business Associate's facilities used for the maintenance and processing of Personal Health Information, and to its books, records, practices, policies, and procedures concerning the use and disclosure of Personal Health Information.

HIPAA BUSINESS ASSOCIATE AGREEMENT

- B. The Business Associate and any Agent or Subcontractor shall comply with the minimum necessary requirements set forth in the HIPAA Rules when using or disclosing Personal Health Information. The Business Associate also agrees to mitigate, to the extent possible, any harmful effects of an improper use or disclosure of Personal Health Information by the Business Associate in violation of the requirements of this Agreement. The Business Associate shall make its internal practices, books, records, including policies and procedures, related to the use and disclosures of protected health information available to the Secretary of the United States Department of Health and Human Services, for purposes of determining compliance with HIPAA.
- C. The Business Associate shall maintain a record of all Personal Health Information disclosures made other than for the permitted purposes of this Agreement, including the date of disclosure, the name and, if known, the address of the recipient of the Personal Health Information, a brief description of the Personal Health Information disclosed, and the purposes of the disclosures.
- D. The Business Associate shall comply with all written directions from the City concerning:
 - i. any special limitations on the use or disclosure of Protected Health Information beyond the requirements of the HIPAA Rules;
 - ii. any changes in, or revocation of, the permission by an individual to use or disclose his or her Protected Health Information that may affect the Business Associate's use or disclosure of such information; and
 - iii. any restriction on the use or disclosure of Protected Health Information that the City has agreed to that may affect the Business Associate's use or disclosure of such information.
- E. Within ten (10) calendar days of notice by the City to the Business Associate that the City has received a request for an accounting of disclosures of Personal Health Information regarding an individual, the Business Associate shall make available to the City such information as is in the Business Associate's possession and is required for the City to make the accounting.
- F. Within five (5) business days of becoming aware of a use or disclosure of Personal Health Information in violation of this Agreement by the Business Associate, Agent or Subcontractor, the Business Associate shall report such disclosure or use in writing to the City and describe the remedial action taken or proposed to be taken with respect to such use or disclosure.
- G. The Business Associate shall make any amendment(s) to Protected Health Information in a designated record set as directed or agreed to by the City pursuant to 45 CFR Part 164.526, or take other measures as necessary to satisfy the City's obligations under 45 CFR Part 164.526.
- H. The Business Associate acknowledges that the additional requirements of the HITECH Act (Health Information Technology for Economic and Clinic Health Act enacted as part of the American Recovery and Reinvestment Act of 2009) and the Final Rule (also known as the Omnibus Rule) issued by the U.S. Department of Health and Human Services on January 25, 2013 are applicable to the Business Associate. The Business Associate further acknowledges restrictions on the sales and marketing of protected health information without the explicit authorization of the individual.
- I. To the extent the Business Associate is to carry out one of more of the City's obligations under Subpart E of 45 C.F.R. Part 164, the Business Associate will comply with the requirements of Subpart E that apply to the City in the performance of such obligations.
- J. The Business Associate may not use or disclose protected health information in a manner that would violate Subpart E of 45 C.F.R. Part 164 if done by the City except for the specific uses and disclosures set forth below:

HIPAA BUSINESS ASSOCIATE AGREEMENT

- i. The Business Associate may disclose protected health information for the proper management and administration of the Business Associate or to carry out the legal responsibilities of the Business Associate, provided the disclosures are required by law, or the Business Associate obtains reasonable assurances from the person to whom the information is disclosed that the information remains confidential and used or further disclosed only as required by law or for the purposes for which it was disclosed to the person, and the person notifies the Business Associate of any instances in which it is aware in which the confidentiality of the information has been breached.
- ii. The Business Associate may provide data aggregation services related to the health care operations of the City.

5. Term of this Agreement; Termination; Procedures upon Termination.

- A. This Agreement shall become effective upon execution by the parties, and shall be effective as of the date of the last party to sign.
- B. The term of this Agreement shall expire with the close of business the contract expiration date. Provided, that either party may terminate this Agreement on any basis at any time prior to the expiration of the term upon written notice to the other party.
- C. Except as provided in paragraph D, below, upon termination of this Agreement, the Business Associate shall return or destroy all Personal Health Information received from the City, or created or received by the Business Associate on behalf of the City. This provision shall also apply to Personal Health Information that is in the possession of Agents or Subcontractors of the Business Associate. The Business Associate shall retain no copies of the Personal Health Information.
- D. In the event that the Business Associate determines that returning or destroying the Personal Health Information is not feasible, the Business Associate shall provide to the City written notification of the conditions that make return or destruction infeasible. Upon agreement by the City that return or destruction of Personal Health Information is not feasible, the Business Associate shall extend the protections of this Agreement to such Personal Health Information and limit further uses and disclosures of such Personal Health Information to those purposes that make the return or destruction infeasible, for so long as the Business Associate maintains the Personal Health Information. The Business Associate shall continue to use appropriate safeguards and comply with Subpart C of 45 C.F.R. Part 164 with respect to electronic protected health information to prevent use or disclosure of the protected health information, other than as provided for in this Section, for as long as Business Associate retains the protected health information.
- E. The Business Associate shall not use or disclosure the protected health information retained by the Business Associate other than for the purposes for which the protected health information was retained and subject to the same conditions set out in this Agreement which applied prior to Termination.
- F. Survival. The obligations of the Business Associate under this Section shall survive the termination of this Agreement.

6. Other Provisions.

- A. **Indemnification.** The Business Associate shall indemnify and hold harmless the City from and against any and all costs, liabilities, losses, damages and expenses (including, but not limited to, reasonable attorneys' fees) resulting from any claim, lawsuit or proceeding brought by a third party against the City and arising from or related to a breach or alleged breach by the Business Associate or the Business Associate's Agents or Subcontractors of the obligations referenced herein. The Business Associate's obligation to indemnify shall survive the expiration or termination of the Contract.

HIPAA BUSINESS ASSOCIATE AGREEMENT

- B. **Remedies for Breach.** Without limiting the rights of the parties under paragraph 5, should the Business Associate breach any of its obligations under this Agreement, the City may at its option: (i) exercise its rights of access and inspection under paragraph 2, above; and/or (ii) report the breach to the Secretary of the United States Department of Health and Human Services.
- C. **Notices.** Any notice by a party required or provided for under this Agreement shall be effective upon delivery via regular or electronic mail to the other party at the following address:

To the City:	To the Business Associate:
Name: _____	Name: _____
Phone: _____	Phone: _____
Fax: _____	Fax: _____
Email: _____	Email: _____

- D. **Amendments.** Upon the enactment of any law or regulation affecting the use or disclosure of protected health information, or the publication of any decision of a court of the United State or State of Texas relating to any such law, or the publication of any interpretive policy or opinion of any governmental agency charged with the enforcement of any such law or regulation, the City may, by written notice to the Business Associate, amend this Agreement in such a manner as the City determines necessary to comply with such law or regulation. Notwithstanding the foregoing, if the City and Business Associate have not amended this Agreement to address a law or final regulation that becomes effective after the effective date of this Agreement and that is applicable to this Agreement, then upon the effective date of such law or regulation (or any portion thereof) this Agreement shall be amended automatically and deemed to incorporate such new or revised provisions as are necessary for this Agreement to be consistent with such law or regulation for the City and the Business Associate to be and remain in compliance with all applicable laws and regulations.
- E. **Construction of Terms.** A reference in this Agreement to a section in the HIPAA Rules means the section in effect or as amended at the time. Any ambiguity in this Agreement shall be interpreted to permit compliance with the HIPAA Rules.

Agreed to by the parties through the signatures of their authorized representatives below:

THE CITY OF AUSTIN, TEXAS

THE BUSINESS ASSOCIATE:

By: _____
[Signature]

By: _____
[Signature]

Name: _____

Name: _____

Title: _____

Title: _____

Organization Name: _____

Date: _____

Date: _____

City of Austin, Texas
Section 0800
NON-DISCRIMINATION AND NON-RETALIATION CERTIFICATION

City of Austin, Texas

Equal Employment/Fair Housing Office

To: City of Austin, Texas,

I hereby certify that our firm complies with the Code of the City of Austin, Section 5-4-2 as reiterated below, and agrees:

- (1) Not to engage in any discriminatory employment practice defined in this chapter.
- (2) To take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without discrimination being practiced against them as defined in this chapter, including affirmative action relative to employment, promotion, demotion or transfer, recruitment or recruitment advertising, layoff or termination, rate of pay or other forms of compensation, and selection for training or any other terms, conditions or privileges of employment.
- (3) To post in conspicuous places, available to employees and applicants for employment, notices to be provided by the Equal Employment/Fair Housing Office setting forth the provisions of this chapter.
- (4) To state in all solicitations or advertisements for employees placed by or on behalf of the Contractor, that all qualified applicants will receive consideration for employment without regard to race, creed, color, religion, national origin, sexual orientation, gender identity, disability, sex or age.
- (5) To obtain a written statement from any labor union or labor organization furnishing labor or service to Contractors in which said union or organization has agreed not to engage in any discriminatory employment practices as defined in this chapter and to take affirmative action to implement policies and provisions of this chapter.
- (6) To cooperate fully with City and the Equal Employment/Fair Housing Office in connection with any investigation or conciliation effort of the Equal Employment/Fair Housing Office to ensure that the purpose of the provisions against discriminatory employment practices are being carried out.
- (7) To require of all subcontractors having 15 or more employees who hold any subcontract providing for the expenditure of \$2,000 or more in connection with any contract with the City subject to the terms of this chapter that they do not engage in any discriminatory employment practice as defined in this chapter

For the purposes of this Offer and any resulting Contract, Contractor adopts the provisions of the City's Minimum Standard Non-Discrimination and Non-Retaliation Policy set forth below.

City of Austin
Minimum Standard Non-Discrimination and Non-Retaliation in Employment Policy

As an Equal Employment Opportunity (EEO) employer, the Contractor will conduct its personnel activities in accordance with established federal, state and local EEO laws and regulations.

The Contractor will not discriminate against any applicant or employee based on race, creed, color, national origin, sex, age, religion, veteran status, gender identity, disability, or sexual orientation. This policy covers all aspects of employment, including hiring, placement, upgrading, transfer, demotion, recruitment, recruitment advertising, selection for training and apprenticeship, rates of pay or other forms of compensation, and layoff or termination.

The Contractor agrees to prohibit retaliation, discharge or otherwise discrimination against any employee or applicant for employment who has inquired about, discussed or disclosed their compensation.

Further, employees who experience discrimination, sexual harassment, or another form of harassment should immediately report it to their supervisor. If this is not a suitable avenue for addressing their complaint, employees are advised to contact another member of management or their human resources representative. No employee shall be discriminated against, harassed, intimidated, nor suffer any reprisal as a result of reporting a violation of this policy. Furthermore, any employee, supervisor, or manager who becomes aware of any such discrimination or harassment should immediately report it to executive management or the human resources office to ensure that such conduct does

not continue.

Contractor agrees that to the extent of any inconsistency, omission, or conflict with its current non-discrimination and non-retaliation employment policy, the Contractor has expressly adopted the provisions of the City's Minimum Non-Discrimination Policy contained in Section 5-4-2 of the City Code and set forth above, as the Contractor's Non-Discrimination Policy or as an amendment to such Policy and such provisions are intended to not only supplement the Contractor's policy, but will also supersede the Contractor's policy to the extent of any conflict.

UPON CONTRACT AWARD, THE CONTRACTOR SHALL PROVIDE THE CITY A COPY OF THE CONTRACTOR'S NON-DISCRIMINATION AND NON-RETALIATION POLICIES ON COMPANY LETTERHEAD, WHICH CONFORMS IN FORM, SCOPE, AND CONTENT TO THE CITY'S MINIMUM NON-DISCRIMINATION AND NON-RETALIATION POLICIES, AS SET FORTH HEREIN, **OR** THIS NON-DISCRIMINATION AND NON-RETALIATION POLICY, WHICH HAS BEEN ADOPTED BY THE CONTRACTOR FOR ALL PURPOSES WILL BE CONSIDERED THE CONTRACTOR'S NON-DISCRIMINATION AND NON-RETALIATION POLICY WITHOUT THE REQUIREMENT OF A SEPARATE SUBMITTAL.

Sanctions:

Our firm understands that non-compliance with Chapter 5-4 and the City's Non-Retaliation Policy may result in sanctions, including termination of the contract and suspension or debarment from participation in future City contracts until deemed compliant with the requirements of Chapter 5-4 and the Non-Retaliation Policy.

Term:

The Contractor agrees that this Section 0800 Non-Discrimination and Non-Retaliation Certificate of the Contractor's separate conforming policy, which the Contractor has executed and filed with the City, will remain in force and effect for one year from the date of filing. The Contractor further agrees that, in consideration of the receipt of continued Contract payment, the Contractor's Non-Discrimination and Non-Retaliation Policy will automatically renew from year-to-year for the term of the underlying Contract.

Dated this _____ day of _____, _____

CONTRACTOR	_____
Authorized Signature	_____
Title	_____

Section 0835: Non-Resident Bidder Provisions

Company Name _____

- A. Bidder must answer the following questions in accordance with Vernon's Texas Statutes and Codes Annotated Government Code 2252.002, as amended:

Is the Bidder that is making and submitting this Bid a "Resident Bidder" or a "non-resident Bidder"?

Answer: _____

- (1) Texas Resident Bidder- A Bidder whose principle place of business is in Texas and includes a Contractor whose ultimate parent company or majority owner has its principal place of business in Texas.
- (2) Nonresident Bidder- A Bidder who is not a Texas Resident Bidder.

- B. If the Bidder is a "Nonresident Bidder" does the state, in which the Nonresident Bidder's principal place of business is located, have a law requiring a Nonresident Bidder of that state to bid a certain amount or percentage under the Bid of a Resident Bidder of that state in order for the nonresident Bidder of that state to be awarded a Contract on such bid in said state?

Answer: _____ Which State: _____

- C. If the answer to Question B is "yes", then what amount or percentage must a Texas Resident Bidder bid under the bid price of a Resident Bidder of that state in order to be awarded a Contract on such bid in said state?

Answer: _____

**MINORITY- AND WOMEN-OWNED BUSINESS ENTERPRISE (MBE/WBE)
PROCUREMENT PROGRAM
Subcontracting/Sub-Consulting ("Subcontractor") Utilization Form-0900**

SOLICITATION NUMBER:

SOLICITATION TITLE:

In accordance with the City of Austin's Minority and Women-Owned Business Enterprises (M/WBE) Procurement Program (Program), Chapters 2-9A/B/C/D of the City Code and M/WBE Program Rules, this Solicitation was reviewed by the Small and Minority Business Resources Department (SMBR) to determine if M/WBE Subcontractor/Sub-Consultant ("Subcontractor") Goals could be applied. Due to insufficient subcontracting/subconsultant opportunities and/or insufficient availability of M/WBE certified firms, SMBR has assigned no subcontracting goals for this Solicitation. However, Offerors who choose to use Subcontractors must comply with the City's M/WBE Procurement Program as described below. Additionally, if the Contractor seeks to add Subcontractors after the Contract is awarded, the Program requirements shall apply to any Contract(s) resulting from this Solicitation.

Instructions:

- a.) Offerors who do not intend to use Subcontractors shall check the "NO" box and follow the corresponding instructions.
b.) Offerors who intend to use Subcontractors shall check the applicable "YES" box and follow the instructions. **Offers that do not include the following required documents shall be deemed non-compliant or nonresponsive as applicable, and the Offeror's submission may not be considered for award.**

☐ **NO, I DO NOT intend to use Subcontractors/Sub-consultants.**

Instructions: Offerors that do not intend to use Subcontractors shall complete and sign this form below (Subcontracting/Sub-Consulting ("Subcontractor") Utilization Form) and include it with their sealed Offer.

☐ **YES, I DO intend to use Subcontractors /Sub-consultants.**

Instructions: Offerors that do intend to use Subcontractors shall complete and sign this form below (Subcontracting/Sub-Consulting ("Subcontractor") Utilization Form), and follow the additional Instructions in the (Subcontracting/Sub-Consulting ("Subcontractor") Utilization Plan). Contact SMBR if there are any questions about submitting these forms.

Offeror Information			
Company Name			
City Vendor ID Code			
Physical Address			
City, State Zip			
Phone Number		Email Address	
If the Offeror City of Austin M/WBE certified?	<input type="checkbox"/> NO <input type="checkbox"/> YES Indicate one: <input type="checkbox"/> MBE <input type="checkbox"/> WBE <input type="checkbox"/> MBE/WBE Joint Venture		
<p>Offeror Certification: I understand that even though SMBR did not assign subcontract goals to this Solicitation, I will comply with the City's M/WBE Procurement Program if I intend to include Subcontractors in my Offer. I further agree that this completed Subcontracting/Sub-Consulting Utilization Form, and if applicable my completed Subcontracting/Sub-Consulting Utilization Plan, shall become a part of any Contract I may be awarded as the result of this Solicitation. Further, if I am awarded a Contract and I am not using Subcontractor(s) but later intend to add Subcontractor(s), before the Subcontractor(s) is hired or begins work, I will comply with the City's M/WBE Procurement Program and submit the Request For Change form to add any Subcontractor(s) to the Project Manager or the Contract Manager for prior authorization by the City and perform Good Faith Efforts (GFE), if applicable. I understand that, if a Subcontractor is not listed in my Subcontracting/Sub-Consulting Utilization Plan, it is a violation of the City's M/WBE Procurement Program for me to hire the Subcontractor or allow the Subcontractor to begin work, unless I first obtain City approval of my Request for Change form. I understand that, if a Subcontractor is not listed in my Subcontracting/Sub-Consulting Utilization Plan, it is a violation of the City's M/WBE Procurement Program for me to hire the Subcontractor or allow the Subcontractor to begin work, unless I first obtain City approval of my Request for Change form.</p> <div style="display: flex; justify-content: space-between; margin-top: 20px;"> <div style="width: 45%; border-top: 1px solid black; text-align: center;">Name and Title of Authorized Representative (Print or Type)</div> <div style="width: 45%; border-top: 1px solid black; text-align: center;">Signature/Date</div> </div>			

MINORITY- AND WOMEN-OWNED BUSINESS ENTERPRISE (MBE/WBE)

PROCUREMENT PROGRAM

Subcontracting/Sub-Consulting ("Subcontractor") Utilization Plan-0905

SOLICITATION NUMBER:

SOLICITATION TITLE:

INSTRUCTIONS: Offerors who DO intend to use Subcontractors may utilize M/WBE Subcontractor(s) or perform Good Faith efforts when retaining Non-certified Subcontractor(s). Offerors must determine which type of Subcontractor(s) they are anticipating to use (CERTIFIED OR NON-CERTIFIED), check the box of their applicable decision, and comply with the additional instructions associated with that particular selection.

- ☐ I intend to use City of Austin CERTIFIED M/WBE Subcontractor/Sub-consultant(s).

Instructions: Offerors may use Subcontractor(s) that ARE City of Austin certified M/WBE firms. Offerors shall contact SMBR (512-974-7600 or SMBRComplianceDocuments@austintexas.gov) to confirm if the Offeror's intended Subcontractor(s) are City of Austin certified M/WBE and if these firm(s) are certified to provide the goods and services the Offeror intends to subcontract. If the Offeror's Subcontractor(s) are current valid certified City of Austin M/WBE firms, the Offeror shall insert the name(s) of their Subcontractor(s) into the table below and must include the following documents in their sealed Offer:

- Subcontracting/Sub-Consulting Utilization Form (completed and signed)
- Subcontracting/Sub-Consulting Utilization Plan (completed)

- ☐ I intend to use NON-CERTIFIED Subcontractor/Sub-Consultant(s) after performing Good Faith Efforts.

Instructions: Offerors may use Subcontractors that ARE NOT City of Austin certified M/WBE firms ONLY after Offerors have first demonstrated Good Faith Efforts to provide subcontracting opportunities to City of Austin M/WBE firms.

STEP ONE: Contact SMBR for an availability list for the scope(s) of work you wish to subcontract;

STEP TWO: Perform Good Faith Efforts (Check List provided below);

STEP THREE: Offerors shall insert the name(s) of their certified or non-certified Subcontractor(s) into the table below and must include the following documents in their sealed Offer:

- Subcontracting/Sub-Consulting Utilization Form (completed and signed)
- Subcontracting/Sub-Consulting Utilization Plan (completed)
- All required documentation demonstrating the Offeror's performance of Good Faith Efforts (see Check List below)

GOOD FAITH EFFORTS CHECK LIST –

When using NON-CERTIFIED Subcontractor/Sub-consultants(s), **ALL** of the following **CHECK BOXES MUST** be completed in order to meet and comply with the Good Faith Effort requirements and all documentation must be included in your sealed Offer. Documentation CANNOT be added or changed after submission of the bid.

- ☐ **Contact SMBR.** Offerors shall contact SMBR (512-974-7600 or SMBRComplianceDocuments@austintexas.gov) to obtain a list of City of Austin certified M/WBE firms that are certified to provide the goods and services the Offeror intends to subcontract out. (Availability List). Offerors shall document their contact(s) with SMBR in the "SMBR Contact Information" table on the following page.

- ☐ **Contact M/WBE firms.** Offerors shall contact all of the M/WBE firms on the Availability List with a Significant Local Business Presence which is the **Austin Metropolitan Statistical Area**, to provide information on the proposed goods and services proposed to be subcontracted and give the Subcontractor the opportunity to respond on their interest to bid on the proposed scope of work. When making the contacts, Offerors shall use at least two (2) of the following communication methods: email, fax, US mail or phone. Offerors shall give the contacted M/WBE firms at least seven days to respond with their interest. Offerors shall document all evidence of their contact(s) including: emails, fax confirmations, proof of mail delivery, and/or phone logs. These documents shall show the date(s) of contact, company contacted, phone number, and contact person.

**MINORITY- AND WOMEN-OWNED BUSINESS ENTERPRISE (MBE/WBE)
PROCUREMENT PROGRAM
Subcontracting/Sub-Consulting ("Subcontractor") Utilization Plan-0905**

SOLICITATION NUMBER:
SOLICITATION TITLE:

- ☐ **Follow up with responding M/WBE firms.** Offeror shall follow up with all M/WBE firms that respond to the Offeror's request. Offerors shall provide written evidence of their contact(s): emails, fax confirmations, proof of mail delivery, and/or phone logs. These documents shall show the date(s) of contact, company contacted, phone number, and contact person.

- ☐ **Advertise.** Offerors shall place an advertisement of the subcontracting opportunity in a local publication (i.e. newspaper, minority or women organizations, or electronic/social media). Offerors shall include a copy of their advertisement, including the name of the local publication and the date the advertisement was published.

- ☐ **Use a Community Organization.** Offerors shall solicit the services of a community organization(s); minority persons/women contractors'/trade group(s); local, state, and federal minority persons/women business assistance office(s); and other organizations to help solicit M/WBE firms. Offerors shall provide written evidence of their Proof of contact(s) include: emails, fax confirmations, proof of mail delivery, and/or phone logs. These documents shall show the date(s) of contact, organization contacted, phone number, email address and contact person.

**MINORITY- AND WOMEN-OWNED BUSINESS ENTERPRISE (MBE/WBE)
PROCUREMENT PROGRAM
Subcontracting/Sub-Consulting ("Subcontractor") Utilization Plan-0905**

SOLICITATION NUMBER:
SOLICITATION TITLE:

(Offerors may duplicate this page to add additional Subcontractors as needed)

Subcontractor/Sub-consultant	
City of Austin Certified	<input type="checkbox"/> MBE <input type="checkbox"/> WBE Ethnic/Gender Code: <input type="checkbox"/> NON-CERTIFIED
Vendor ID Code	
Contact Person	Phone Number:
Additional Contact Info	Fax Number: E-mail:
Amount of Subcontract	\$
List commodity codes & description of services	
Justification for not utilizing a certified MBE/WBE	

Subcontractor/Sub-consultant	
City of Austin Certified	<input type="checkbox"/> MBE <input type="checkbox"/> WBE Ethnic/Gender Code: <input type="checkbox"/> NON-CERTIFIED
Vendor ID Code	
Contact Person	Phone Number:
Additional Contact Info	Fax Number: E-mail:
Amount of Subcontract	\$
List commodity codes & description of services	
Justification for not utilizing a certified MBE/WBE	

SMBR Contact Information			
SMBR Contact Name	Contact Date	Means of Contact	Reason for Contact
		<input type="checkbox"/> Phone OR <input type="checkbox"/> Email	

FOR SMALL AND MINORITY BUSINESS RESOURCES DEPARTMENT USE ONLY:

Having reviewed this plan, I acknowledge that the Offeror ☐ HAS or ☐ HAS NOT complied with these instructions and City Code Chapters 2-9A/B/C/D, as amended.

Reviewing Counselor

Date

I have reviewed the completing the Subcontracting/Sub-Consultant Utilization Plan and ☐ Concur ☐ Do Not Concur with the Reviewing Counselor's recommendation.

Director/Assistant Director or Designee

Date

**CITY OF AUSTIN
SCOPE OF WORK
ACTUARIAL AND CONSULTING SERVICES FOR BENEFIT PROGRAMS
AND CONSULTING SERVICES FOR COMPENSATION PROGRAMS
SOLICITATION NUMBER: RFP RWS0503**

1. PURPOSE

The City of Austin, hereinafter referred to as the “City”, seeks qualified firms, agents, and brokers with public sector experience and current public sector clients to provide actuarial and/or consulting services for the City’s benefit and compensation programs, commencing on October 1, 2017. Services shall include but shall not be limited to review of current benefit and compensation programs and assistance in the design and development of future benefit and compensation programs.

Service Requested	Section
Benefit Programs	3.2
Compensation Programs	3.3

2. BACKGROUND

The City provides access to benefit programs for City of Austin eligible employees, retirees, Consolidated Omnibus Budget Reconciliation Act (COBRA) participants, eligible dependents and, if applicable, employees and retirees of Affiliated Employers (the City of Austin Employees’ Retirement System, the Austin Fire Fighters Relief and Retirement Fund and the Austin Police Retirement System) and their eligible dependents.

The City operates on a fiscal year beginning October 1 and continuing through September 30. The City’s benefit plan year is January 1 through December 31. Towers Watson is the current benefits actuarial and consulting firm. The current Contract began January 1, 2012 and will end December 31, 2017. The current Contract does not include a compensation component.

2.1 Employees:

As of January 2017, there were approximately 12,500 City employees and 21 employees of Affiliated Employers eligible for benefits. The medical and dental plan enrollment as of January 2017 was:

- United Healthcare – Self-funded: Preferred Provider Organization (PPO) plan enrollment was 8,957; Health Maintenance Organization (HMO) plan enrollment was 2,329, and the Consumer Driven Health Plan with Health Savings Account (CDHP with HSA) enrollment was 953
- Dental Assistance Plan – Self-funded: plan enrollment was 12,211

For further details, including full-time and part-time eligibility and other benefits, see Attachment I: **2017 Employee Benefits Guide**.

2.2 Retirees:

As of January 2017, there were approximately 6,951 retirees, including surviving dependents of retirees, eligible for benefits. The medical plan enrollment as of January 2017 was:

- United Healthcare – Self-funded: PPO plan enrollment was 3,496; HMO plan enrollment was 1,276; and Consumer Driven Health Plan with Health Reimbursement Arrangement (CDHP with HRA) enrollment was 27

For further details, see Attachment II: **2017 Benefits Enrollment Guide for Retirees & Surviving Dependents**.

**CITY OF AUSTIN
SCOPE OF WORK
ACTUARIAL AND CONSULTING SERVICES FOR BENEFIT PROGRAMS
AND CONSULTING SERVICES FOR COMPENSATION PROGRAMS
SOLICITATION NUMBER: RFP RWS0503**

3. SCOPE OF WORK

3.1 General Information:

- 3.1.1 The Actuary assigned to this Contract shall have a current membership in the American Academy of Actuaries, and experience in medical, prescription, and dental actuarial services for governmental entities.
- 3.1.2 The Benefits Consultant assigned to this Contract shall have a minimum of at least 10 years combined consulting experience in the procurement and administration of insurance products and programs for employees (including medical, vision, dental, disability, and life insurance) for governmental entities; the administration of cafeteria plans and flexible spending arrangements (such as dependent care and health care reimbursement accounts); and the identification of and compliance with all federal and state laws and regulations relevant to the administration of the aforementioned products and plans.

3.2 Program Coverage Requirements – BENEFIT PROGRAMS:

The following outlines potential projects that may be required of the Contractor. The City reserves the right to select the actual projects to be performed annually. The City reserves the right to set the start and completion dates for each project. For each section it is anticipated that the Contractor will meet with City management at least once in addition to any required conference calls.

3.2.1 Fiscal Year Expenditures and Rates

There are three categories for medical rates: employees, retirees without Medicare and retirees with Medicare. The City subsidy for retirees varies depending on the years of service.

The Contractor shall:

- 3.2.1.1 Update the current fiscal year projected expenditures for the City's self-funded Medical, Prescriptions and Dental plans based on December claims information supplied by United Health Care.
- 3.2.1.2 Compare budgeted to actual expenditures and explain variances.
- 3.2.1.3 Calculate incurred but not paid (IBNP) claims amount as of the end of the fiscal year in accordance with Governmental Accounting Standards Board (GASB) 10.
- 3.2.1.4 Provide Total Claims paid during the current fiscal year for prior periods.
- 3.2.1.5 Project fiscal year expenditures for the upcoming fiscal year for the City's self-funded medical and dental plans.
- 3.2.1.6 Project annual rates for the self-funded medical and dental plans.
- 3.2.1.7 Provide rate scenarios at different contribution levels for actives, retirees and the City for all plans.
- 3.2.1.8 Evaluate tier structures as necessary.
- 3.2.1.9 Recommend funding levels for the City's Stop-Loss Reserve and Claims Reserve above the current individual stop-loss coverage. The City also carries an individual medical stop-loss policy.
- 3.2.1.10 Estimate cost based on updating expenditures and rates at least four times between December and April of each year.

Please refer to Exhibit III: **Plan Design Change Summary** for items aforementioned.

**CITY OF AUSTIN
SCOPE OF WORK
ACTUARIAL AND CONSULTING SERVICES FOR BENEFIT PROGRAMS
AND CONSULTING SERVICES FOR COMPENSATION PROGRAMS
SOLICITATION NUMBER: RFP RWS0503**

3.2.2 Plan Design Changes

The Contractor shall:

- 3.2.2.1 Identify possible plan design changes based on review of current plan experience as well as industry trends and client practices.
- 3.2.2.2 Evaluate proposed plan design changes from staff, City's Benefits Advisory Committee, and City's Employee Work Force Committee.
- 3.2.2.3 Model or estimate the cost savings that could result from proposed changes in plan design.
- 3.2.2.4 Cost should be based on 10 plan design changes per year.

3.2.3 GASB Compliance - Other Postemployment Benefits

The Contractor shall provide GASB valuation for GASB Statements 45 and 75, as applicable, up to twice annually as required by City. Additionally, the Contractor shall furnish compliance assistance and a discussion of pre-funding options. Currently, the City Retiree medical programs are not pre-funded.

3.2.4 Quarterly Performance Report

The Contractor shall provide a quarterly report detailing the performance of the medical, prescription and dental plans. The report shall be broken down by Actives, Retirees without Medicare, and Retirees with Medicare and/or by plan. The reports shall be based on the fiscal year and shall be provided no later than 30 days following each quarter end. (i.e., 1st quarter report will be provided no later than January 30). The report shall include the following:

- 3.2.4.1 Financial Measures: Per Member, Per Month (PMPM) costs for current quarter, year to date and fiscal year estimate.
- 3.2.4.2 Medical Utilization Measures: Base period, current quarter and year to date for major categories, such as inpatient, outpatient, physicians, diagnostic lab/x-ray, mental health/substance abuse, etc.
- 3.2.4.3 Medical Network Discount Analysis: Base period, current quarter and year to date.
- 3.2.4.4 Prescription Drug Measures: Base period, current quarter and year to date.

3.2.5 Annual Report

The Contractor shall provide an annual report by March of each year of the City's employee and retiree medical and dental benefits programs. At a minimum the report shall include the following:

- 3.2.5.1 A financial analysis of contributions, benefit expenses and operating costs of the programs. These items are to be compared to the original projected rates to actual cost and explain any significant variations. Significant variations should be highlighted along with reasons for the occurrence and recommendations for improvement.
- 3.2.5.2 Benchmarking of the City's experience to regional and national comparative information for all benefits.
- 3.2.5.3 Review of medical and pharmacy discounts to ensure they are at the Contracted levels.
- 3.2.5.4 A summary of research performed and recommendation of changes in plan design and funding administration.

**CITY OF AUSTIN
SCOPE OF WORK
ACTUARIAL AND CONSULTING SERVICES FOR BENEFIT PROGRAMS
AND CONSULTING SERVICES FOR COMPENSATION PROGRAMS
SOLICITATION NUMBER: RFP RWS0503**

3.2.6 Annual Employer Survey

The Contractor shall provide an annual Employer Survey by February of each year that shows a comparison of other public sector entities' plan design, rates, wellness programs, leave programs, current and future strategy, and other benefits to those of the City. This study shall be nationally benchmarked against cities of comparable size to Austin.

- 3.2.6.1 The Contractor shall contact each entity on behalf of the City to gather data.
- 3.2.6.2 The Contractor shall provide a detailed timeline for completion of the survey, from creation of the survey language/questions to notifications to survey recipients, and shall supply updates on distribution and responses as requested by City.

3.2.7 Auditing

The Contractor shall, at the request of the City, perform claim audits of the third party administrators. Areas to be audited may include medical, prescription, pre-implementation, dental, Section 125 (FLEXTRA) health care and dependent care spending accounts, and COBRA. Areas to be audited may include:

- 3.2.7.1 Procedural accuracy
- 3.2.7.2 Payment accuracy
- 3.2.7.3 Claims turnaround time
- 3.2.7.4 Effectiveness of all cost controls
- 3.2.7.5 Plan provisions accuracy
- 3.2.7.6 Reasonable cost guidelines
- 3.2.7.7 Claimant eligibility for benefits
- 3.2.7.8 Coordination of benefits

3.2.8 Contractor Proposal Development, Evaluation and Negotiation Assistance

The Contractor shall assist in the development, evaluation and negotiation of future Requests for Proposal(s) that may include medical claims administration, individual medical stop-loss, care management and pharmacy benefit management. If the City elects to utilize the Contractor for assistance in any part of the solicitation, negotiation, or contract process, the Contractor cannot submit a response to the solicitation or be considered for Contract award for these services.

- 3.2.8.1 The Contractor shall adhere to the policies, procedures, and guidelines provided by the City's Purchasing Office and Human Resources Department.
- 3.2.8.2 The Contractor shall provide a written summary to City of each proposal review conducted, including Contractor's recommendation for award. The summary shall include as applicable:
 - 3.2.8.2.1 Provider discounts
 - 3.2.8.2.2 Provider networks
 - 3.2.8.2.3 Pharmacy discounts – both mail and retail
 - 3.2.8.2.4 Pharmacy networks
 - 3.2.8.2.5 Alternative plan design options, such as individual medical stop-loss deductibles.
- 3.2.8.3 The Contractor shall assist the City in negotiating competitive fees, rates, discounts and services.

**CITY OF AUSTIN
SCOPE OF WORK
ACTUARIAL AND CONSULTING SERVICES FOR BENEFIT PROGRAMS
AND CONSULTING SERVICES FOR COMPENSATION PROGRAMS
SOLICITATION NUMBER: RFP RWS0503**

3.2.9 Retiree Medical Plan Options

The Contractor shall assist the City with Pre-65 and Post-65 medical plan options for its retired population. The Contractor shall provide benchmarking, plan comparisons, presentations, strategy planning, and data related to Medicare Advantage plans, Health Insurance Exchanges, and other post-employment medical options.

3.2.10 Compliance Assistance

The Contractor shall provide Centers for Medicare and Medicaid Services (CMS) annual retiree actuarial attestation of the City's retiree medical plans necessary for filing for Medicare Part D claim subsidy with CMS.

3.2.11 Annual Strategy Meeting

The Contractor shall annually provide strategic planning of the City's benefit programs to forecast the next 3-5 years of benefits programs based on industry trends, legislative requirements, claims experience, and City of Austin Management focus.

3.2.12 Other Services

The Contractor shall conduct research or additional vendor proposal reviews, provide presentations, attend meetings, and perform other work similar in scope, as requested by the City.

3.2.13 Legislative and Regulatory Review, Notice and Compliance

The Contractor shall monitor proposed and/or enacted state and federal legislation or regulatory changes and procedures from entities including, but not limited to: Internal Revenue Service (IRS), Department of Labor (DOL), CMS, and other agencies that affect benefits such as the Health Insurance Portability and Accountability Act (HIPAA), Medicare Part D, etc. The Contractor shall notify the City of changes in law, regulations, or other requirements that affect the City within 30 days of enactment. The Contractor shall be responsible for the implementation of any changes required by state or federal laws or administrative rules or regulations. This task shall be provided at no additional cost to the City.

3.2.14 Publications

The Contractor shall provide the City with regularly scheduled publications on benefit related topics at no additional cost.

3.3 Program Coverage Requirements – COMPENSATION PROGRAMS:

The following outlines potential projects that may be required of the Contractor. The City reserves the right to select the actual projects to be performed annually. The City reserves the right to set the start and completion dates for each project. For each section it is anticipated that the Contractor will meet with City management once in addition to conference calls.

The City's compensation program's objectives are: to attract and retain qualified employees who will be paid equitable salaries; to provide fair salaries; and to provide the City with a salary structure that enables the City to maintain a competitive position with other cities and organizations within the same geographic area.

**CITY OF AUSTIN
SCOPE OF WORK
ACTUARIAL AND CONSULTING SERVICES FOR BENEFIT PROGRAMS
AND CONSULTING SERVICES FOR COMPENSATION PROGRAMS
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The City's compensation program includes approximately 8,800 management, professional, technical, administrative, clerical, and general labor full time and regular part time positions (excluding sworn, seasonal and non-regular part-time employees) in 974 Job Classifications.

3.3.1 Total Compensation (Rewards) Report

The Contractor shall provide a total compensation report of the City's competitive analysis to include compensation programs, employee benefits, retirement plans, and paid leave benefits to determine how the City compares to other organizations –public and private and industry specific (i.e. electric).

- 3.3.1.1 The analysis shall identify differences in competitor's programs; assess the relative value of the components of the current Total Compensation programs; and identify elements of the benefits program that may warrant redesign.
- 3.3.1.2 The results shall be applied to employee subgroups (or job classifications) and different lines of business as the City deems appropriate to obtain a Total Compensation value.
- 3.3.1.3 The benchmark comparison shall include similar organizations from the following:
 - 3.3.1.3.1 Austin and Central Texas area
 - 3.3.1.3.2 State of Texas
 - 3.3.1.3.3 Municipalities and public entities
 - 3.3.1.3.4 Utilities
 - 3.3.1.3.5 National area

3.3.2 Equity Study

The Contractor shall provide an equity study of the City's compensation structure to determine if employee's pay is affected by gender or race, as opposed to other performance, experience or expertise factors.

The Contractor shall:

- 3.3.2.1 Provide sound research and understanding of the City's current pay history and issues.
- 3.3.2.2 Collect employee demographic data (gender, race and ethnicity) and data on other factors that are typically related to pay levels, and other data such as, experience, tenure and performance.
- 3.3.2.3 Develop statistical procedures and conduct analysis.
- 3.3.2.4 Provide findings, conclusions and recommendations (pay equity strategies).

3.3.3 Market Study

Contractor shall provide a market study of the City's classification and compensation systems utilizing accepted practices in the management and design of such systems.

The Contractor shall:

- 3.3.3.1 Include an examination of the City's current compensation plan and related components.
- 3.3.3.2 Develop a study that is in accordance with generally accepted compensation methods and in accordance with applicable federal and state laws.
- 3.3.3.3 Conduct a comprehensive labor market salary survey that reflects cities, other public sector entities and private industry.

**CITY OF AUSTIN
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ACTUARIAL AND CONSULTING SERVICES FOR BENEFIT PROGRAMS
AND CONSULTING SERVICES FOR COMPENSATION PROGRAMS
SOLICITATION NUMBER: RFP RWS0503**

- 3.3.3.4 Update or develop a new pay plan identifying specific parameters (i.e. percent spreads between ranges and within ranges).
- 3.3.3.5 Review and assign all positions to an appropriate pay grade.
- 3.3.3.6 Provide additional services which may include an analysis of existing internal hierarchy based on job relationships, identifying problem areas within the internal hierarch system, and proposing implementation methods to correct identified problems.
- 3.3.3.7 Provide additional services which may include conducting a comprehensive review of the current classification and grade methodology, review and make recommendations regarding the consolidation/expansion of job families and titles, and proposing implementation strategies for any recommended changes.

3.4 Customer Service Requirements:

The Contractor shall:

- 3.4.1 Respond to telephone calls and electronic mail from City within one business day, excluding holidays.
- 3.4.2 Attend all necessary meetings in the period specified and agreed upon by the City, and shall participate in meetings as required with or on behalf of City Management. Meetings may be called on short notice (within 24 hours) and a Contractor senior staff member shall be available to attend in person.
- 3.4.3 Provide a dedicated staff and account representative. Additionally, the Contractor shall provide the names of employees, including the dedicated account representative, who will be assigned to work under this Contract, their direct contact numbers, and their direct e-mail addresses. If these assignments are changed the City shall be notified within one business day. These employees shall be available for contact by the City Monday-Friday from 8:00 a.m. to 5:00 p.m. Central Standard Time.
- 3.4.4 Utilize the Contract Manager identified in Section 0400 as their City point of contact. The Contract Manager or designee shall be the recipient of all reports, surveys and other Contractor deliverables under this Contract. The Contract Manager or designee shall also originate requests for Contractor's services and shall coordinate scheduling of meetings.

- 3.5 Transition and Implementation Timelines:** Within 30 calendar days of Contract award a draft work plan shall be submitted to the City. This work plan shall include Contractor's proposed timeline for conducting the reports and studies detailed in the Program Coverage Requirements - Benefit Programs and Program Coverage Requirements - Compensation Programs sections of this Scope of Work. The Contractor shall meet with the City to finalize the work plan within 45 calendar days after Contract award.

CITY OF AUSTIN
SCOPE OF WORK
ACTUARIAL AND CONSULTING SERVICES FOR BENEFIT PROGRAMS
AND CONSULTING SERVICES FOR COMPENSATION PROGRAMS
SECTION 0615-1: PRICE PROPOSAL FORM-BENEFIT PROGRAMS
SOLICITATION NUMBER: RFP RWS0503

	Primary Consultant/ Actuary Estimated Hours		Total Cost	Secondary Consultant/ Actuary Estimated Hours		Total Cost	Analyst Estimated Hours		Total Cost	Additional Personnel Estimated Hours		Total Cost	Other Itemized Direct Costs (to include onsite presentations)		Total Cost	Total Not to Exceed Program Cost
	Hours	Rate	=	Hours	Rate	=	Hours	Rate	=	Hours	Rate	=	Hours	Rate	=	
3.4.1 Fiscal Year Expenditures and Rates			\$ -			\$ -			\$ -			\$ -			\$ -	\$ -
3.4.2 Plan Design Changes			\$ -			\$ -			\$ -			\$ -			\$ -	\$ -
3.4.3 GASB Compliance - Other Postemployment Benefits			\$ -			\$ -			\$ -			\$ -			\$ -	\$ -
3.4.4 Quarterly Performance Report			\$ -			\$ -			\$ -			\$ -			\$ -	\$ -
3.4.5 Annual Report			\$ -			\$ -			\$ -			\$ -			\$ -	\$ -
3.4.6 Annual Employer Survey			\$ -			\$ -			\$ -			\$ -			\$ -	\$ -
3.4.7 Auditing																
1. Medical Claims Administrator Audit			\$ -			\$ -			\$ -			\$ -			\$ -	\$ -
2. Pharmacy Benefit Manager Audit			\$ -			\$ -			\$ -			\$ -			\$ -	\$ -
3. Dental Claims Administrator Audit			\$ -			\$ -			\$ -			\$ -			\$ -	\$ -
4. Flextra Claims Administrator Audit			\$ -			\$ -			\$ -			\$ -			\$ -	\$ -
3.4.8 Vendor Proposal Development, Evaluation, and Negotiation Assistance																
1. Medical Claims Administration Component			\$ -			\$ -			\$ -			\$ -			\$ -	\$ -
2. Individual Medical Stop-Loss Component			\$ -			\$ -			\$ -			\$ -			\$ -	\$ -
3. Pharmacy Benefit Management Component			\$ -			\$ -			\$ -			\$ -			\$ -	\$ -
4. Care Management Component			\$ -			\$ -			\$ -			\$ -			\$ -	\$ -
3.4.9 Retiree Medical Plan Options			\$ -			\$ -			\$ -			\$ -			\$ -	\$ -
3.4.10 Compliance Assistance			\$ -			\$ -			\$ -			\$ -			\$ -	\$ -
3.4.11 Annual Strategy Meeting			\$ -			\$ -			\$ -			\$ -			\$ -	\$ -
3.4.12 Other Services			\$ -			\$ -			\$ -			\$ -			\$ -	\$ -
Total for First Year																\$ -

CITY OF AUSTIN
SCOPE OF WORK
ACTUARIAL AND CONSULTING SERVICES FOR BENEFIT PROGRAMS
AND CONSULTING SERVICES FOR COMPENSATION PROGRAMS
SECTION 0615-1: PRICE PROPOSAL FORM-BENEFIT PROGRAMS
SOLICITATION NUMBER: RFP RWS0503

Indicate the maximum cost increase, if any, for each of the subsequent contract years.

Year:	#1	#2	#3	#4	#5	Total Contract:
Maximum percentage increase:						
Grand Total Not To Exceed Cost:						\$ -

CITY OF AUSTIN
SCOPE OF WORK
ACTUARIAL AND CONSULTING SERVICES FOR BENEFIT PROGRAMS
AND CONSULTING SERVICES FOR COMPENSATION PROGRAMS
SECTION 0615-2: PRICE PROPOSAL FORM-COMPENSATION PROGRAMS
SOLICITATION NUMBER: RFP RWS0503

	Primary Consultant/ Actuary Estimated Hours		Total Cost	Secondary Consultant/ Actuary Estimated Hours		Total Cost	Analyst Estimated Hours		Total Cost	Additional Personnel Estimated Hours		Total Cost	Other Itemized Direct Costs (to include onsite presentations)		Total Cost	Total Not to Exceed Project Cost
	Hours	Rate	=	Hours	Rate	=	Hours	Rate	=	Hours	Rate	=	Hours	Rate	=	
3.5.1 Total Compensation (Rewards) Report			\$ -			\$ -			\$ -			\$ -			\$ -	\$ -
3.5.2 Equity Study			\$ -			\$ -			\$ -			\$ -			\$ -	\$ -
3.5.3 Market Study			\$ -			\$ -			\$ -			\$ -			\$ -	\$ -
Total for First Year																\$ -

Indicate the maximum cost increase, if any, for each of the subsequent contract years.

Year:	#1	#2	#3	#4	#5	Total Contract:
Maximum percentage increase:						
Grand Total Not To Exceed Cost:						\$ -

Employee Benefits Guide

2017



Medical | Vision | Dental | Life Insurance | Disability | FLEXTRA | Wellness

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The City of Austin is committed to compliance with the Americans with Disabilities Act.

Call the Human Resources Department at [512-974-3400](tel:512-974-3400) (Voice) or [800-735-2985](tel:800-735-2985) (Relay Texas TTY number) for more information.

Photos provided by City of Austin Communications and Public Information Office, Animal Services Department, Austin Fire Department, Austin Police Department, Austin-Travis County EMS, and Health and Human Services Department.

Employees pictured in cover photo from right to left:

1. Robert Traylor and Paul Martin, Public Works Department. **2.** Officer David Mozley, Austin Police Department, Army Veteran. **3.** David Ondich, ADA Coordinator and Dog Guide Chopin, ADA Office. **4.** Janice McKissick, Wei San Hui, Hailey Pate, and John Regalado, Communications & Technology Management. **5.** Anthony Favors, Clayton Craig, Juanita Tovar and Lawrence Alvarez, Public Works Department. **6.** Iby Setzer, Senior Planner, Austin Resource Recovery. **7.** Jeff Diaz, Equipment Operator II, St Elmo Service Center, Austin Energy. **8.** Robert Golembeski, Animal Care Supervisor, Animal Services Department. **9.** Robotic Emergency Deployment Team, Austin Fire Department (Standing left to right: Assistant Chief Richard Davis, Capt. Johnny Briggs, Firefighter Sara Coon, Lt. Andrew Reyes, Battalion Chief Thayer Smith, Lt. Elizabeth Donelson. Kneeling left to right: Firefighter Coitt Kessler, Firefighter Oliver Friedheim, Lt. Greg Pope, and Firefighter Angel Perez). **10.** Leah Reese, Latent Print Examiner, Austin Police Department. **11.** Personnel from Austin-Travis County EMS (Pictured left to right: Medic II Jacinto Andry, Medic II Selena Xie, Medic II Heather Coy, Communications Medic II Kristina Pena, Captain Neda Oskouee, and Commander Mike Benavides). **12.** Osiel Rivera, CSR II, Austin 311 and Jennie Son, Administrative Support, Communications and Public Information Office at Asian American Quality of Life event. **13.** Human Resources Department Employees at Award and Recognition event.

Contact Information

City of Austin Human Resources Department Employee Benefits Division

Benefits staff are available to answer questions you have about your benefits.

Phone Number: 512-974-3284
Outlook Email: HRD, Benefits
Email: HRD.Benefits@austintexas.gov
Fax Number: 512-974-3420

Employees should make an appointment before visiting our office.

Office Hours: 7:30 a.m. to 5:00 p.m.
Office Location: 505 Barton Springs Road, Suite 600

Online Resources

To access benefits information, go to [cityspace](http://cityspace.austintexas.gov), the City's intranet website, or on the Internet at austintexas.gov/benefits.

You can also view eligibility requirements and plan choices, print the City's employee and retiree benefits guides, and find information about the City's wellness, childcare, commuter, and other benefits.

Scan the QR code to the right for easy access to the Employee Benefits webpage.



UnitedHealthcare Medical Plans

CDHP/PPO Phone Number: 888-331-3408
HMO Phone Number: 888-383-0132
NurseLine Services, 24/7: 877-365-7949
Vision Phone Number: 800-638-3120
Vision Providers: myuhcvision.com
Mental Health Providers: liveandworkwell.com
Prescription Information: myuhc.com

To find a medical provider, go to myuhc.com.

1. Click **Find Physician, Laboratory, or Facility** link.
2. Click **All United Healthcare Plans**.
3. Select **NexusACO OAP** for the CDHP w/HSA and PPO. Select **NexusACO R** for the HMO.

To view the prescription formulary, Explanation of Benefits, and print a temporary ID card, go to myuhc.com. To register, follow these steps:

1. Click the **Register Now** button.
2. Enter information from your ID card. If you do not have your ID card, select the **Click Here** link and you can enter your Social Security Number and date of birth.
3. Click the **Next Step** button.
4. Enter email address or sign up for a free email account.
5. Create a username and password, answer security questions, and agree to website policies.
6. Click the **Submit** button.

Retirement Systems

City of Austin Employees' Retirement System (COAERS)	Austin Fire Fighters Relief and Retirement Fund (AFRS)	City of Austin Police Retirement System (PRS)
Phone Number: 512-458-2551 Fax Number: 512-458-5650 Website: coaers.org	Phone Number: 512-454-9567 Fax Number: 512-453-7197 Website: afrs.org	Phone Number: 512-416-7672 Fax Number: 512-416-7138 Website: ausprs.org

Contact each benefit vendor directly for identification cards, claims, benefits, and coverage information.

Davis Vision

Vision Plan

Toll-Free Number: 888-445-2290

To view benefits, locate a provider, and check claim status, go to davisvision.com. To register, follow these steps:

1. Click the **Member** link.
2. Click the **Register** link.
3. Enter information from your ID card.
4. Create a username, password, and security question.
5. Click the **Register** button.

For non-members, click the **Member** link and enter **2481** for Client Code.

CompuSys/Erisa Group Inc. (Erisa)

- **Dental Assistance Plan**
 - **FLEXTRA Health Care Account & Benefits Card**
 - **FLEXTRA Dependent Care Account**
 - **COBRA Administration**
-

These programs are managed by the City's third-party administrator, Erisa.

Phone Number: 512-250-9397
Toll-Free Number: 800-933-7472
Fax Number: 512-250-2937

City of Austin Dental Plan

To view claim activity, go to coadentalplan.com.

To register, follow these steps:

1. Click the **Sign In** button.
2. Enter your insured ID number from your ID card.
3. Leave password blank.
4. Click the **Sign In** button.
5. Follow the instructions to register.

FLEXTRA Health and Dependent Care

To view account activity, balances, and submit a claim form, go to coaflextra.com. To login, follow these steps:

1. Click on **My Account**.
2. Enter your employee ID number and the first five digits of your Social Security Number.
3. Click the **Login** button.

ARAG

Group Legal Plan

Toll-Free Number: 800-247-4184

Relay Texas Number: 800-383-4184

To view covered services and to locate a participating attorney, go to araglegalcenter.com. To register, follow these steps:

1. Click the **I'm a Member: Log Me In!** button.
2. Click the **Create a user name and password for the first time** link.
3. Enter your member ID number from your ID card and your home address ZIP code.
4. Click the **Continue** button.
5. Create a username and password and answer security questions and click the **Continue** button.

For non-members, enter **17886COA** for Access Code.

Deer Oaks

Employee Assistance Program

Toll-Free Phone Number: 866-228-2542

Relay Texas Number: 800-735-2989

Toll-Free Teen Helpline: 866-228-2542

To view a list of free webinars and counseling services, go to deeroakseap.com. To access, follow these steps:

1. Click the **Member Login** button.
2. Type **austintexas.gov** for the user name and password.
3. Click the **Login** button.

Austin Deferred Compensation Plan 457 Plan (Empower Retirement)

Toll-Free Number: 866-613-6189

To enroll in, view and manage your account, go to dcaustin.com.

1. To enroll, click the **Enroll Now Here!** button and follow the prompts.
2. To register, click the **Let's Get Started!** link and follow the prompts.

Benefits Guide Information

City of Austin employees have access to benefits approved by the City Council each year as part of the budget process. The benefits and services offered by the City may be changed or terminated at any time. These benefits are not a guarantee of your employment with the City.

This Guide is designed to help you understand your benefits. Review this material carefully before making your enrollment decisions. Your rights are governed by each Summary Plan Description (SPD), which may be a plan document, evidence of coverage, certificate of coverage or contract, and not by the information in this Guide. If there is a conflict between the provisions of the plan you selected and this Guide, the terms of the plan govern.

For detailed information about the plans, refer to each plan instrument, contact the vendor, or the Employee Benefits Division of the Human Resources Department.

City Benefits Philosophy

The City is concerned for the health and welfare of its employees and is committed to providing cost-effective benefits that assist employees in being physically and mentally healthy. The benefits provided to employees may range from reimbursement plans to educational programs, but all benefit plans require employees to assume responsibility for the choices they make and to be informed on how to use their benefits effectively.

As part of this philosophy, the City is committed, as resources permit, to making available a comprehensive benefits program that includes plans for:

- Health care
- Wellness
- Disability income
- Income replacement
- Death benefits
- Education and training
- Paid time away from work
- Childcare

In keeping with this philosophy, the City will explore other areas of benefits to the extent they fill a need of a major portion of the workforce and to the extent they can be provided cost-effectively and efficiently on a group basis.

Cost

Since rising health care costs affect both the City and its employees, the City will continue to study new coverage options that help control health care costs. The program is designed to be cost-effective, for both the short term and the long term.

The cost of the program is determined in a realistic fashion and does not vary with short-term financial considerations. Employee contributions are required to help finance the cost of parts of the program.

Administration

The overall administration of the benefits program is re-evaluated and revised periodically to ensure it is simple, efficient, cost-effective, and satisfies overall goals.

Communications

A variety of media is used to communicate the benefits program to employees and their dependents. Methods used include presentations, newsletters, the City's website, video on demand, and *CitySource Today*. In addition, benefits staff are available by phone or in person to discuss benefits issues with employees and their families. Communication goals of the benefits program include:

- Educating employees on how to use their benefits.
 - ❖ Employees should understand their responsibility for the choices they make.
 - ❖ Employees should follow the requirements of the plans.
- Educating employees on how to be better consumers of all benefits.
 - ❖ Employee choices should be appropriate for their needs.
 - ❖ Employees should contribute to the fiscal integrity and cost-effectiveness of the plans by making informed choices when using their benefits.
- Increasing employee understanding of the value of their benefits.



Joya Hayes, Director of Human Resources & Civil Service

Benefits Eligibility

- Employee Eligibility
- Dependent Eligibility
- Persons Not Eligible
- Dependent Documentation
- Coverage Information



Pictured left to right: Anthony Favors, Clayton Craig, Juanita Tovar and Lawrence Alvarez, Public Works Department.

Employee Eligibility

As a City employee, including any person in the six-month probationary period, your work status is full-time, part-time, or temporary. As a full-time or part-time employee, you may choose any combination of the benefits listed below:

Full-Time Employees – 30 or more hours per week

If you are in a regular budgeted position scheduled to work 30 or more hours per week, you are considered full-time and are eligible to participate in:

- Medical
- Vision
- Dental
- Life Insurance
- Short Term Disability
- Long Term Disability
- FLEXTRA Health Care
- FLEXTRA Dependent Care
- Group Legal Plan
- Wellness Program
- Employee Assistance Program
- Childcare Programs
- Commuter Program
- Retirement (Mandatory)
- Deferred Compensation

As a full-time employee, you are eligible for four types of coverage at no cost:

- CDHP w/HSA – Employee Only
 - Dental – Employee Only
 - Basic Life Insurance
 - Short Term Disability
-

Part-Time Employees – 20 to 29 hours per week

If you are in a regular budgeted position scheduled to work 20 to 29 hours per week, you are considered part-time and are eligible to participate in:

- Medical
- Vision
- Dental
- Life Insurance
- Short Term Disability
- Long Term Disability
- FLEXTRA Health Care
- FLEXTRA Dependent Care
- Group Legal Plan
- Wellness Program
- Employee Assistance Program
- Commuter Program
- Deferred Compensation

As a part-time employee, you are eligible for Short Term Disability coverage at no cost.

Part-Time Employees – Less than 20 hours per week

If you are in a regular budgeted position scheduled to work less than 20 hours per week, you are considered part-time and are eligible to participate in:

- Medical
 - Vision
 - Dental
 - Life Insurance
 - FLEXTRA Health Care
 - FLEXTRA Dependent Care
 - Group Legal Plan
 - Wellness Program
 - Employee Assistance Program
 - Commuter Program
 - Deferred Compensation
-

Temporary Employees

If you are in a temporary position, you are eligible to participate in:

- Commuter Program
- Employee Assistance Program
- Medical – If employed continuously for more than 12 months
- Wellness Program (Contact Human Resources at [512-974-3284](tel:512-974-3284))
- Deferred Compensation

Dependent Eligibility

Enrolling Dependents for Benefits

If you are a full-time or part-time employee, your dependents are eligible for:

- Medical
- Vision
- Dental
- Life Insurance
- FLEXTRA Health Care
- FLEXTRA Dependent Care
- Group Legal Plan
- Wellness Program
- Employee Assistance Program

Eligible Dependents

Your dependents who meet the descriptions listed below can be enrolled for benefits.

- **Spouse:** Your legally married spouse, including a common-law spouse.
- **Domestic Partner:** The individual who lives in the same household and shares the common resources of life in a close, personal, intimate relationship with a City employee if, under Texas law, the individual would not be prevented from marrying the employee on account of age, consanguinity, or prior undissolved marriage to another person. A domestic partner may be of the same or opposite gender as the employee.
- **Children:** Your biological children, stepchildren, legally adopted children, children for whom you have obtained court-ordered guardianship or conservatorship, qualified children placed pending adoption, and children of your domestic partner, if you also cover your domestic partner for the same benefit. Your children must be under 26 years of age.
- **Dependent Grandchildren:** Your unmarried grandchild must meet the requirements listed above and must also qualify as a dependent (as defined by the Internal Revenue Service) on your or your spouse's federal income tax return.
- **Disabled Children:** To continue City coverage for an eligible dependent past the age limit, the child must be covered as a dependent at the time, unmarried, and must also meet the following definitions:
 - ❖ A disabled child must rely on you for more than 50 percent of support.
 - ❖ A child is considered disabled if they are incapable of earning a living at the time the child would otherwise cease to be a dependent and depend on you for principal support and maintenance, due to a mental or physical disability.
 - ❖ A disabled child continues to be considered an eligible dependent as long as the child remains incapacitated and dependent on you for principal support and maintenance, and you continuously maintain the child's coverage as a dependent under the plan from the time they otherwise would lose dependent status.
 - ❖ A dependent child who loses eligibility and later becomes disabled is not eligible for coverage. A disabled child who was not covered as a dependent immediately prior to the time the child would otherwise cease to be a dependent is not eligible for coverage.
 - ❖ A disabled child dependent must be covered continuously on the medical and dental plans. If coverage is dropped, the disabled child will not be allowed to re-enroll.

Covering dependents who are not eligible for the City's insurance programs unfairly raises costs for the City, as well as for all participants in the programs.

Persons Not Eligible

Dependents do not include:

- Individuals on active duty in any branch of military service (except to the extent and for the period required by law).
- Permanent residents of a country other than the United States.
- Parents, grandparents, or other ancestors.
- Grandchildren who do not meet the definition of dependent grandchildren or who are not claimed on your or your spouse's federal income tax return.

An individual is not eligible to be covered:

- As both a City employee and a City retiree, for the same benefit.
- As both a City employee or City retiree and as a dependent of a City employee or City retiree, for the same benefit.
- As a dependent of more than one City employee, or City retiree, for the same benefit.



Bike rack on W. 2nd Street and Lavaca.

Dependent Documentation

To provide coverage for a dependent under any of the City's benefits programs, you must provide documentation that supports your relationship to the dependent. Social Security Numbers must be provided for all eligible dependents.

Acceptable documents are listed below for the following dependents:

- **Spouse:** A marriage certificate which has been recorded as provided by law.
- **Domestic Partner:** A Domestic Partnership Affidavit and Agreement form signed by the employee and domestic partner. Also a Domestic Partnership Tax Dependent Status form signed by the employee.
- **Child:** A certified birth certificate, complimentary hospital birth certificate, Verification of Birth Facts issued by the hospital, or court order establishing legal adoption, guardianship, or conservatorship, or qualified medical child support order, or be the subject of an Administrative Writ.
- **Child of a Domestic Partner:** The documentation listed above must also be provided and the domestic partner must be covered for the same benefit in order to cover a child of a domestic partner.
- **Stepchild:** The documentation listed above must also be provided and a marriage certificate or declaration of informal marriage indicating the marriage of the child's parent and stepparent.
- **Dependent Grandchild:** The documentation listed above must also be provided and a marriage certificate or declaration of informal marriage that supports the relationship between you and your grandchild.
- **Disabled Child:** A completed Dependent Eligibility Questionnaire verifying an ongoing total disability, including written documentation from a physician verifying an ongoing total disability.
- **Qualified Child Pending Adoption:** For children already placed in your home, an agreement executed between you and a licensed child-placing agency, or the Texas Department of Family and Protective Services, meeting the requirements listed in Dependent Eligibility.

Coverage Information

Changing Coverage

To change coverage, you must call the Employee Benefits Division to schedule an appointment with a Benefits representative.

You can request changes to your coverage:

- During annual Open Enrollment.
- Within 31 days of the date you initially become eligible for coverage.
- Within 31 days of a qualifying life event or HIPAA special enrollment period.

If you do not complete a Benefits Enrollment Form within the time frames listed above, you must wait until the next Open Enrollment. To drop coverage for dependents who no longer meet the eligibility requirements, you must contact the Employee Benefits Division to complete a Benefits Enrollment Form.

Qualifying Life Events

When you have a qualifying life event – such as marriage, divorce, birth of a child, death, establishing a committed living arrangement as domestic partners, dissolution of domestic partnership, or loss or gain of other coverage – you can make changes to your coverage within 31 days of the event.

You must contact the Employee Benefits Division within 31 days of the event to complete a Benefits Enrollment Form and provide the following:

- Social Security Number of the person you are adding.
- Certified birth certificate, complimentary hospital birth certificate, or Verification of Birth Facts issued by the hospital for the birth of a child.
- Marriage license or a signed Domestic Partnership Affidavit and Agreement form.
- Divorce decree signed by a judge showing the date the divorce was final or a notarized Dissolution of Domestic Partnership Affidavit.
- Documentation from the employer or health insurance carrier confirming the date other coverage became effective or was lost.

Coverage Effective Dates

Providing you complete a Benefits Enrollment Form, provide required documentation, and pay any premiums owed, coverage is effective for you and your dependents as follows:

- If you enroll within 31 days of the date you are first eligible, coverage for you and any dependents you enroll will be effective on the date you are first eligible.
- If you enroll during annual Open Enrollment, coverage for you and any dependents you enroll will be effective on January 1 of the following year.
- If you enroll within 31 days of a qualifying life event, except for the birth of a child or the court-ordered adoption, placement for adoption, guardianship or conservatorship of a child, coverage for you and any dependents you enroll will be effective either the first day of the following pay period or the first day of the month following the date you submit the enrollment form.
- Medical coverage is temporarily effective on the date of birth for any child born while you are a covered employee. This includes an eligible grandchild born to your covered dependent. Coverage will extend past the 31 days only if you visit the Employee Benefits Division within the first 31 days of birth, complete a Benefits Enrollment Form, and pay any required premiums. Even if you have family coverage, you must complete an enrollment form to add a newborn to your coverage.
- If you enroll within 31 days of the court-ordered adoption, placement for adoption, guardianship or conservatorship of a child, coverage for any dependents you enroll will be effective on the date of the adoption, placement for adoption, guardianship or conservatorship; even if you have family coverage, you must complete an enrollment form and pay any required premiums to add a child to your coverage.



Officer Paula Aguilar, Police Activities League, Austin Police Department.

Coverage Ending Dates

Coverage for you and your dependents will end on the earliest of the following:

- The date the plan in question is terminated.
- The date the coverage in question is terminated or reduced.
- The date the plan is amended to end coverage for you or your class of dependents.
- The last day of the pay period in which you voluntarily terminate your or your dependents' coverage.
- The last day of the pay period in which you or your dependents no longer meet eligibility requirements.
- The last day of the month your dependents no longer meet eligibility due to age.

Waiving Coverage

If you are a full-time employee declining or dropping medical and dental coverage for yourself, you must:

- Provide proof of other insurance for the coverage you are declining or dropping.
- Complete a Benefits Enrollment Form.
- Sign a waiver indicating you are aware that City-provided medical and dental coverage have been made available to you.

If you later decide you want City provided coverage, you will not be able to enroll until the next Open Enrollment or within 31 days of a qualifying life event.

Premium Information

For full or part-time employees, the City pays a portion of your dependent's medical and dental premiums. The amount paid by the City is not taxable to you if your dependent is a qualified dependent as defined by the Internal Revenue Service (IRS). You are responsible for determining whether your dependent meets the IRS dependent definition.

Premium Deduction Errors

It is your responsibility to verify that the premium deductions taken from your paycheck are correct. Any deduction errors must be reported immediately to the Employee Benefits Division at [512-974-3284](tel:512-974-3284).

Enrollment Form Errors – It is your responsibility to ensure that information on the Benefits Enrollment Form is correct. If a premium deduction error occurs, notify the Employee Benefits Division immediately. If an underpayment occurs due to an error you made on the Benefits Enrollment Form, the City has the right to collect any additional premiums owed.

Data Entry Error/Delay – If a data entry error occurs or if data entry is delayed, it will not invalidate the coverage on your Benefits Enrollment Form. Upon discovery, an adjustment will be made to reflect the correct premium deduction. If underpayment of a premium occurs, the City has the right to collect any additional premiums owed by you. If overpayment occurs, the City will reimburse you any amount of overpaid premiums up to a maximum of two pay periods.

Taxable Fringe

If you choose benefits coverage for a dependent who does not qualify to be claimed on your federal income tax return, you may have to pay taxes on the amount of money the City contributes for the dependent's medical and dental benefits. This money is considered taxable income, and must be reported to the IRS. The City refers to this money as taxable fringe. A spouse is never subject to taxable fringe.

If at least one of the children for whom you have elected medical or dental coverage is a child you claim as a dependent on your federal income tax return, the City's contribution will not be considered taxable income.



Kaleelah Mangum, Administrative Assistant, Manchaca Branch, Austin Public Library.

Plan Choices

- Medical
 - ❖ Consumer Driven Health Plan with a Health Savings Account (CDHP w/HSA)
 - ❖ PPO
 - ❖ HMO
- Vision
- Dental
- Life Insurance
- Disability
- FLEXTRA
- Group Legal Plan



Decker Power Plant on Decker Lake.

CDHP w/HSA, PPO, and HMO Medical Plans



As an employee, you choose the medical plan that best meets your needs. Provider and prescription information, along with a Cost Estimator tool, is available online at myuhc.com. Select NexusACO OAP for the CDHP w/HSA and PPO. Select NexusACO R for the HMO.

Things to consider when choosing a medical plan:

- Premium costs for dependent coverage.
- Amount of copays.
- Amount of out-of-pocket expenses.
- Future expenses and the predictability of inpatient hospital expenses.
- Freedom to not designate a Primary Care Physician.
- Freedom to seek services from a Specialist without a referral.

UnitedHealthcare Medical Rates - Per Pay Period

Full-Time Employees 30 + hours per week	CDHP w/HSA	PPO	HMO
Employee Only	\$ 0.00	\$ 5.00	\$ 10.00
Employee & Spouse or Domestic Partner	\$ 88.68	\$ 182.54	\$ 187.54
Employee & Children	\$ 43.98	\$ 134.47	\$ 139.47
Employee & Family or Domestic Partner & Children	\$ 203.94	\$ 306.46	\$ 311.46

Part-Time Employees 20 - 29 hours per week	CDHP w/HSA	PPO	HMO
Employee Only	\$ 127.06	\$ 115.56	\$ 120.56
Employee & Spouse or Domestic Partner	\$ 329.46	\$ 389.40	\$ 394.40
Employee & Children	\$ 265.21	\$ 319.32	\$ 324.32
Employee & Family or Domestic Partner & Children	\$ 494.39	\$ 575.26	\$ 580.26

Part-Time Employees Less than 20 hours per week	CDHP w/HSA	PPO	HMO
Employee Only	\$ 254.12	\$ 324.76	\$ 326.61
Employee & Spouse or Domestic Partner	\$ 570.24	\$ 728.74	\$ 745.87
Employee & Children	\$ 486.44	\$ 622.37	\$ 636.86
Employee & Family or Domestic Partner & Children	\$ 784.84	\$ 1002.98	\$ 1026.42

CDHP w/HSA Calendar Year Savings

CDHP **Employee Only** coverage saves you:

\$120 – switching from PPO Employee Only

\$240 – switching from HMO Employee Only

City also contributes \$500 into your HSA.

CDHP **Employee Family** coverage saves you:

\$2,460 – switching from PPO Employee & Family

\$2,580 – switching from HMO Employee & Family

City also contributes \$1,000 into your HSA.

CDHP w/HSA – Is it right for you?

Benefits of the Consumer Driven Health Plan with a Health Savings Account:

- No cost for Employee Only coverage.
- Lower medical premiums if you cover dependents.
- Health Savings Account through Optum Bank established in your name with a Health Savings debit card.
- City contribution into a Health Savings Account for employees in a 30+ hour regular budgeted position (part-time employees receive a reduced contribution).
 - ❖ \$500 for Employee Only Coverage.
 - ❖ \$1,000 for Employee & Dependent Coverage.
- Ability to contribute money on a pre-tax basis into a Health Savings Account.
 - ❖ \$120.83 per pay period for Employee Only coverage.
 - ❖ \$239.58 per pay period for Employee & Dependent coverage.
- 100 percent coverage for preventive services – such as annual physicals, well baby checks, well woman checks, mammograms, and colonoscopies.
- 100 percent coverage for Affordable Care Act-mandated prescriptions.
- No deductible and plan pays 80 percent for medications on the Expanded Preventive Drug List for conditions such as heart disease, high blood pressure, high cholesterol, and asthma.
- 2017 Prescription Drug List – Plan pays 80 percent after you have met your calendar year deductible. To reach your deductible, you can pay for expenses using your Health Savings debit card.
- Tier 1 and Network providers bill you for services after UHC discounted rates.
- Use Health Savings debit card to pay for eligible medical, pharmacy, dental, and vision expenses.

The chart below highlights how much a family may save if enrolled in the CDHP compared to the HMO, based on a 30+ hour work week.

CDHP Medical Plan	
Employee and Family premiums	\$4,894 a year
Four primary care doctor visits	\$ 600 a year
Four prescriptions	\$ 124 a year
Total employee paid for the year	\$5,618
City's HSA contribution	\$1,000
Net paid medical expenses for the year	\$4,618
A savings of	\$2,997

HMO Medical Plan	
Employee and Family premiums	\$7,475 a year
Four primary care doctor visits	\$ 100 a year
Four prescriptions	\$ 40 a year
Total paid medical expenses for the year	\$7,615
City's HSA contribution	No City contribution
Net paid medical expenses for the year	\$7,615

CDHP Health Savings Account Eligibility:

To be eligible for the HSA, you must meet requirements determined by the IRS. If you do not meet all of these requirements, you are not eligible to enroll in this plan. It is up to you to determine if you meet the eligibility requirements below:

- You or your enrolled dependents cannot be eligible to be claimed on another person's tax return.
- You or your enrolled dependents cannot be enrolled in a Flexible Spending Health Care Account (FLEXTRA Health Care Account).
- You cannot be enrolled in any plan other than a CDHP including: Medicare, Medicaid, or TRICARE.
- You must provide a physical address to Optum Health Bank (no post office boxes).
- You must be a legal resident of the United States.

How the CDHP w/HSA Works:

- Preventive Service – Covered at 100 percent.
- Injury or Illness at Tier 1 or Network Provider – The amount you pay will be determined after UHC-discounted rates.
- Calendar year deductible – After you meet the deductible, the plan will pay 80 percent of covered services for Tier 1 and 70 percent for Network Providers.
- Out-of-Pocket-Maximum – After you meet the out-of-pocket-maximum, the plan pays 100 percent for all eligible covered medical and pharmacy expenses.

Example:

Joe is enrolled in the CDHP w/HSA, Employee & Children coverage. By enrolling in the CDHP w/HSA instead of the HMO, Joe saved \$2,291 in premiums. Joe's 11-year-old daughter is sick and he takes her to the doctor. The cost of the visit, after the contracted discount, is \$100, and he uses his Health Savings debit card to pay for the office visit. His out-of-pocket cost is \$0 because he uses \$100 of the \$1,000 the City contributed to his HSA. This was their only medical expense and his HSA balance of \$900 will roll over to 2018.



The City contributed \$1,000 in Joe's HSA Account in 2017.



The doctor charges Joe \$100 for his daughter's visit.



Joe pays the \$100 using his HSA Debit card from the bank.



Joe has \$900 left in his Health Savings

Differences between the CDHP HSA and the FLEXTRA Health Care Account:

	CDHP Health Savings Account	FLEXTRA Health Care Account
Does the City contribute money into this account?	Yes, and the City's contributions are available immediately.	No.
Am I able to contribute money into this account?	Yes, your contributions are available as they are placed in your account each pay period.	Yes, your annual contributions are available immediately.
Will I be issued a debit card?	Yes.	Yes.
Is the account a "Use it or Lose it" account?	No, the City's and your unused contributions roll over each year. There is no deadline.	Yes, you must use your contributions by the IRS deadline.
Do I have to submit receipts?	No, but we recommend that you save your receipts for your records.	Yes, when requested.
Is this an interest-bearing account?	Yes.	No.
Do my dependents who use this account have to be IRS dependents?	Yes.	Yes, grandchildren, domestic partner, and domestic partner's children.

Only employees enrolled in the CDHP are eligible to open a Health Savings Account.

CDHP w/HSA Schedule of Benefits

Medical Benefits	NexusACO		Out-of-Network
	Tier 1 Providers	Network Providers	
Deductible	\$1,500 - Employee Only \$3,000 - Employee & Dependents		\$3,000 - Employee Only \$6,000 - Employee & Dependents
Preventive Services	Plan pays 100%.		Plan pays 60% after deductible.
Eligible Covered Services & Facilities	Plan pays 80% after deductible.	Plan pays 70% after deductible.	Plan pays 60% after deductible.
Out-of-Pocket Calendar Year Maximum	\$5,000 - Employee Only \$6,850 - Employee & Dependents		\$10,000 - Employee Only \$20,000 - Employee & Dependents

Vision Benefits	NexusACO	Out-of-Network
Routine Vision Exam Copay	Plan pays 80% after deductible.	Plan pays 60% after deductible.
Contact Lens Fitting Fee	Plan pays 80% after deductible.	Plan pays 60% after deductible.
Frames, Standard Lenses, and Contact Lenses	Preferred Pricing or discounts at participating private practices and retail chain providers.	Retail chain providers may offer a discount.

Prescription Benefits	Coverage
Affordable Care Act Mandated Prescriptions – found at austintexas.gov/benefits .	No Deductible. Plan pays 100%.
Expanded Preventive Drug List – found at austintexas.gov/benefits .	No Deductible. Plan pays 80%.
2017 Prescription Drug List – found at austintexas.gov/benefits .	Plan pays 80% after deductible.



Robotic Emergency Deployment Team, Austin Fire Department (Standing left to right; Assistant Chief Richard Davis, Capt. Johnny Briggs, Firefighter Sara Coon, Lt. Andrew Reyes, Battalion Chief Thayer Smith, Lt. Elizabeth Donelson. Kneeling left to right; Firefighter Coitt Kessler, Firefighter Oliver Friedheim, Lt. Greg Pope, and Firefighter Angel Perez).

PPO & HMO Schedule of Benefits

	PPO – NexusACO OAP		HMO – NexusACO R	
	Tier 1 Providers	Network Providers	Tier 1 Providers	Network Providers
Individual Deductible	\$500 per covered person.		None.	
Out-of-Pocket Maximum	\$4,000 per covered person.		\$4,500 per covered person.	
Provider Selection	Members may select Tier 1, Network, or Out-of-Network Providers.		Members must select Tier 1 or Network Providers. Referrals are required to receive services from a Specialist. No benefits coverage without a referral.	
Residency Requirements	None.		Must receive services in Bastrop, Blanco, Burnet, Caldwell, Hays, Travis, or Williamson counties. No benefits coverage outside of this area.	
Out-of-Network Benefits	\$1,500 deductible per covered person. Plan pays 60%, up to maximum allowable charge. Out-of-network benefits are subject to in-network benefit plan limits, pre-approval, and pre-notification requirements. Outpatient Surgery and Inpatient Admissions are subject to a \$250 per day facility fee.		None, except in case of a medical emergency.	



Leticia Avila, LVN with the Health and Human Services Department's Immunizations Program at the Shots for Tots event.

PPO & HMO Schedule of Benefits

	PPO – NexusACO OAP		HMO – NexusACO R	
	Tier 1 Providers	Network Providers	Tier 1 Providers	Network Providers
Preventive Exams	Plan pays 100%.		Plan pays 100%.	
Virtual Visit Copay	\$10		\$10	
Office Visit Copay	\$10	\$25	\$10	\$25
Primary Care	\$25	\$45	\$35	\$55
Specialist				
Convenience Care Clinics Copay	\$25		\$25	
Urgent Care Copay	\$35		\$45	
Emergency Room Copay	\$200		\$250	
Ambulance Services	Plan pays 80% after deductible.		\$200 copay	
Outpatient Surgery	Plan pays 80% after deductible.	Plan pays 70% after deductible.	\$750 copay	\$1,000 copay
Inpatient Admission	Plan pays 80% after deductible.	Plan pays 70% after deductible and \$250 copay.	\$1,500 copay	\$2,500 copay
Allergy Services	Plan pays 100%.		Plan pays 50%.	
Immunizations	Plan pays 100%.		Plan pays 100%.	
	Office visit copays may apply.		Office visit copays may apply.	
Physical, Speech and Occupational Therapy				
Registered Dietitian	\$35		\$45	
Chiropractic Care Copay (20 visit limit)				
Acupuncture Copay (12 visit limit)	\$35		Not covered.	
CT, MRI, PET Scans Copay	\$100		\$150	
Mental Health Care Oupatient Copay	\$10		\$10	
Durable Medical Equipment	Plan pays 80% after deductible.		Plan pays 100%.	
Disposable Medical Supplies				
Prosthetic-Orthotic Devices	Plan pays 80% after deductible.		Plan pays 80%.	
Insulin pumps and related supplies				
Other Covered Medical Expenses	Refer to your Medical Plan Document or contact UnitedHealthcare.			

PPO & HMO Vision Benefits

	Routine Vision Network	HMO/PPO In-Network
Routine Vision Exam Copay	\$25 for routine exam including contact lens fitting.	\$45/\$35
Contact Lens Fitting Fee	Amount charged is due at time of service. Submit a vision claim form for 100% reimbursement.	Included in annual routine vision exam copay.
Frames, Standard Lenses and Contact Lenses	Preferred Pricing or discounts at participating private practices and retail chain providers.	Retail chain providers may offer a discount.

PPO & HMO Pharmacy Benefits

	PPO		HMO	
	Retail (31-day supply)	Mail Order (90-day supply)	Retail (31-day supply)	Mail Order (90-day supply)
Tier 1	\$10	\$20	\$10	\$30
Tier 2	\$30 or 20% of cost, \$60 maximum.	\$60 or 20% of cost, \$120 maximum.	\$35 or 20% of cost, \$70 maximum.	\$105 or 20% of cost, \$210 maximum.
Tier 3	\$50 or 20% of cost, \$100 maximum.	\$100 or 20% of cost, \$200 maximum.	\$55 or 20% of cost, \$110 maximum.	\$165 or 20% of cost, \$330 maximum.
A \$50 deductible will apply for Tier 2 & Tier 3 prescription drugs per covered person.				

CDHP w/HSA, HMO, and PPO

Diabetic Supplies (see also Diabetic Equipment)	
Retail	Supplies are covered at a participating pharmacy.
Mail Order	A participant's insulin/non-insulin medication and related diabetic supplies can be purchased through mail order for the cost of the insulin/non-insulin if prescriptions for the insulin/non-insulin and supplies are submitted at the same time.

Diabetes Program/Drugs

A participant can receive Tier 1 diabetes medication and supplies for free if the participant is covered under a City sponsored medical plan, at least 18 years of age, and completes requirements of the HealthyConnections Diabetes Program.

This benefit does not include medications prescribed for related issues and durable medical equipment. Supplies for the continuous glucose monitors are covered if obtained through a retail pharmacy provider.

Tobacco Cessation Program/Drugs

A participant can receive FDA-approved tobacco-cessation drugs for free if the participant is covered under a City sponsored medical plan, at least 18 years of age, and completes requirements of the HealthyConnections Tobacco Cessation Program. Must obtain a prescription for tobacco cessation drugs from your physician.

This applies to prescription tobacco cessation drugs and over-the-counter nicotine replacement therapy (patches, gums, etc.) at a retail pharmacy or through the mail order service.

How To Use Mail Order

The pharmacy benefit offers home delivery through mail order. In some instances, mail order can save you money. Generally, these programs are designed to cover drugs used to treat chronic conditions or medications taken for more than 31 days.

To begin using mail order:

- Have your doctor write a prescription for a 90-day supply of your medication (ask for three refills).
- Complete the mail order form and attach your prescription.
- Provide a check or credit card information.
- Mail this information to the medical plan's mail order pharmacy.

Within 7 to 14 days, your prescription will be delivered to you, postage paid.

- **CDHP w/HSA** participants will pay 20 percent of the cost once the in-network deductible is met. You can use your Optum Health Bank debit card to pay for your out-of-pocket expenses. If you have not met your in-network deductible, you will pay 100 percent of the cost. If the prescription is for a preventive care medication listed on the Expanded Preventive Drug List, no deductible is required and you will only pay 20 percent of the cost.
- **PPO** participants receive 90 days of medication for **two** copays/coinsurance.
- **HMO** participants receive 90 days of medication for **three** copays/coinsurance.

If your doctor allows you to take a generic drug, this should be indicated on the prescription. Three weeks before your mail order supply runs out, you will need to request a refill.

For additional information, go to myuhc.com or call UnitedHealthcare at 800-430-7316.

Diabetic Bundling – What Your Medical Plan Does for You

A participant's insulin/non-insulin medication and related diabetic supplies can be purchased through mail order for the cost of the insulin/non-insulin if prescriptions for the insulin/non-insulin and supplies are submitted at the same time.

- **CDHP w/HSA** participants will pay 20 percent of the cost once the in-network deductible is met. You can use your Optum Health Bank debit card to pay for your out-of-pocket expenses. If you have not met your in-network deductible, you will pay 100 percent of the cost.
- **PPO** participants will pay **two** copays/coinsurance for a 90-day prescription.
- **HMO** participants will pay **three** copays/coinsurance for a 90-day prescription.

Consider participating in the HealthyConnections Diabetes Program to receive Tier 1 diabetes medication and supplies at no cost. This benefit is available to all participants enrolled in a City medical plan who are 18 years of age and older. See the Wellness section of this Guide for details.



Austin Fire Department Special Operations Engine.

Medical Programs



Cancer Support Program – Specialized cancer nurses offer needed support to participants throughout cancer treatment, recovery, and at end of life to assist with treatment decisions and improve a participant's health care experience.

Experienced, caring cancer nurses from the cancer support program are available to support participants in several ways. They can:

- Find the right doctor for you.
- Explore your treatment options.
- Help you manage symptoms and side effects.
- Explain your medications.
- Work with your doctors to make sure all your questions are answered.
- Talk to your spouse, family, children, and employer.
- Keep your doctors informed about how you're feeling.

Comprehensive Kidney Program – Specialized nurses offer education, motivation, and reinforcement to ensure integration with other programs. UnitedHealthcare offers access to the top-performing centers through their network of preferred dialysis centers. You'll also receive ongoing clinical expertise and help from specialized nurses who can help you:

- Understand your treatment options.
- Manage your symptoms and side effects.
- Work with your doctor and ask the right questions.
- With other health concerns, such as high blood pressure, anemia, or nutrition.

Maternity Program – Provides 100 percent outreach for every pregnancy, offering guidance on preventive care, early risk detection, and education. Personalized support is offered for each participant's unique experience. If you're thinking about having a baby, or you already have one on the way, the Maternity Support Program can help. Enroll and get access to an experienced maternity nurse who can:

- Answer your questions on everything from pre-conception health to newborn care.
- Offer support throughout pregnancy and after birth.
- Provide specialized resources if your pregnancy is considered high-risk to help you stay healthy and prevent premature birth.

NurseLine Services – Coping with health concerns on your own can be tough. With so many choices, it can be hard to know whom to trust for information and support. NurseLine services were designed specifically to help you get more involved in your own health care, and to make your health decisions simple and convenient.

We'll provide you with:

- Immediate answers to your health questions any time, anywhere – 24 hours a day, 7 days a week.
- Access to experience registered nurses.
- Trusted, physician-approved information to guide your health care decisions.

When you call, a registered nurse can help you:

- Discuss your options for the right medical care.
- Find a doctor or hospital.
- Understand treatment options.
- Develop a healthy lifestyle.
- Ask medication questions.

Call NurseLine services any time for health information and support – at no additional cost to you as part of your benefit plan. Registered nurses are available any time, day or night. Call NurseLine services at [877-365-7949](tel:877-365-7949), [TTY 711](tel:877-365-7949).

Vision Plan



Healthy eyes and clear vision are an important part of your overall health and quality of life. Davis Vision will help you care for your sight while saving you money.

To view benefits and locate a provider, go to davisvision.com or call 888-445-2290.

For non-members, click on **Member** and enter **2481** for client code.

Plan Coverage			
Covered Service – In-network benefits (limited out-of-network benefits are available).			
Comprehensive Eye Exam – \$10 copay, one exam per calendar year.			
Frames – Once per calendar year in lieu of contact lenses. Up to \$125 retail allowance toward provider-supplied frame plus 20% off cost exceeding the allowance.* Up to \$175 retail allowance if purchased at Vision Works. OR Any Fashion or Designer frame from Davis Vision’s Collection (with retail values up to \$175), covered in full. OR Any Premier frame from Davis Vision’s Collection (with retail values up to \$225), covered in full after an additional \$25 copay. One year eyeglass breakage warranty included at no additional cost.		Contacts – Once per calendar year in lieu of frames. Up to \$120 allowance toward provider-supplied contacts plus 15% off cost exceeding the allowance.* Standard Contacts – Evaluation, fitting fees, and follow-up care; \$25 copay applies. Specialty Contacts – Evaluation, fitting fees, and follow-up care, up to a \$60 allowance plus 15% off cost exceeding allowance.* \$25 copay applies. OR Davis Vision Collection contact lenses, evaluation, fitting fees, and follow-up care, covered in full after \$25 copay. (Up to 4 boxes of disposable lenses). OR Medically necessary with prior approval, covered in full.	
Standard Eyeglass Lenses – Single, bifocals, trifocals, lenticular, and standard scratch coating. \$25 copay, once per calendar year. Polycarbonate lenses for children are covered in full up to age 19.			
Lens Options	Copay	Lens Options	Copay
Standard progressive addition lenses	\$50	Premium AR Coating	\$48
Premium progressives (i.e. Varilux, etc.)	\$90	Ultra AR Coating	\$60
Intermediate-vision lenses	\$30	High-index lenses	\$55
Blended-segment lenses	\$20	Polarized lenses	\$75
Ultraviolet coating	\$12	Glass photochromic lenses	\$20
Standard anti-reflective (AR) coating	\$35	Plastic photosensitive lenses	\$65
* Additional Discounts – Not available at Wal-Mart or Sam's Club.			

Davis Vision Rates – Per Pay Period

Employee Only	\$ 2.24
Employee & Spouse or Domestic Partner	\$ 4.44
Employee & Children	\$ 4.36
Employee & Family or Domestic Partner & Children	\$ 6.64

Dental Assistance Plan

This plan allows you to choose your own dentist. Covered benefits are indicated by dental codes. A fixed fee schedule indicates the maximum amount paid per code. For detailed information, refer to the Employee Dental Assistance Plan Document online at austintexas.gov/benefits or call Erisa at 512-250-9397. To view claims activity, go to coadentalplan.com.

Plan Coverage	
Preventive Care	No Deductible
Calendar Year Deductible	\$50 per covered person
Basic Care	Deductible applies
Major Care	Deductible applies
Calendar Year Maximum <i>Includes Orthodontia expenses</i>	\$2,000 per covered person
Lifetime Orthodontia Maximum Orthodontia Treatment	\$2,000 per covered person Covered at 50% of Maximum Allowable Charge Deductible applies
Night guards, splints, implants, and over dentures	Not Covered

Orthodontia Treatment

Orthodontia work in progress would not be covered (including banding).

Expenses are paid only as the work progresses. Receipts should be submitted for reimbursement after each visit.

Orthodontia benefits paid by the plan are applied toward the calendar year maximum.

The amounts reimbursable for orthodontia expenses are determined as claims are incurred throughout the course of treatment. The amount reimbursable through FLEXTRA or the HSA is the difference between the amount billed and the amount paid by the dental plan. This amount may not match the payment plan you have set up with your dentist.

Dental Rates – Per Pay Period

	Full-Time 30+ Hours per week	Part-Time 20 – 29 Hours per week	Part-Time Less than 20 Hours per week
Employee Only	\$ 0.00	\$ 6.07	\$ 21.46
Employee & Spouse or Domestic Partner	\$ 24.30	\$ 29.11	\$ 60.11
Employee & Children	\$ 24.30	\$ 29.11	\$ 60.11
Employee & Family or Domestic Partner & Children	\$ 24.30	\$ 29.11	\$ 60.11

Group Term Life Insurance

Basic Life Insurance

Provided at no cost for full-time employees. You receive one times your base annual salary with a minimum coverage of \$20,000. Base annual salary does not include shift differential, overtime, Service Incentive Pay, lump sum payments, or stipends. Part-time employees may purchase Basic Life Insurance.

Supplemental Life Insurance

Paid entirely by you. You must have the City's Basic Life Insurance to purchase Supplemental Life Insurance. You may purchase Supplemental Life Insurance in amounts equal to one, two, three, or four times your base annual salary.

Your Supplemental Life coverage amount is rounded down to the nearest \$1,000. Your cost is based on your age, salary, and the amount of insurance selected. You may increase your Supplemental Life coverage annually during Open Enrollment by one coverage level each year, up to a maximum of four times your base annual salary.

The City allows you to choose to have eligible Supplemental Life Insurance premiums deducted from your pay on a before- or after-tax basis. To do so, you must indicate this choice on your Benefits Enrollment Form.

To calculate your rates, complete the Supplemental Life Insurance Worksheet at the end of the Life Insurance section.

Choosing a Beneficiary

In the event of your death, life insurance benefits are paid to your eligible named beneficiary or beneficiaries. The City provides a Beneficiary Designation Form for this purpose. This form covers your Basic Life, Supplemental, and your final paycheck. Unless prohibited by law, your life insurance benefits will be distributed as you indicated on your Beneficiary Designation Form. If your named beneficiary is under 18 years of age at the time of your death, court documents appointing a guardian may be required before payment can be made. You should talk with an attorney to make sure that benefits to a minor will be paid according to your wishes.

Your Beneficiary Designation Form

You can review and change your Beneficiary Designation Form any time during the year. It is important that you keep this form current so that the person or persons you want to receive your benefits are listed. You can complete a new form at your department's Human Resources office or at the Employee Benefits Division.

Other Beneficiary Designation Forms

To change your beneficiary designations for retirement benefits, do one or more of the following:

- City of Austin Employees' Retirement System (COAERS) participants should call COAERS at [512-458-2551](tel:512-458-2551).
- City of Austin Police Retirement System (PRS) participants should call PRS at [512-416-7672](tel:512-416-7672).
- If you participate in the Deferred Compensation Plan, you can designate a beneficiary online at dcaustin.com.

City of Austin Beneficiary Designation Forms are available from your department's HR representative or the Employee Benefits Division. You can also update your beneficiary online at the HR Portal at hrdcfprod.coacd.org/hrportal.

Imputed Income (I50)

The IRS requires the City to withhold taxes on the value of employer-provided group term life insurance coverage over \$50,000. This includes your combined Basic Life and Supplemental Life Insurance coverage. The life insurance coverage premium exceeding the \$50,000 limit is taxable and is referred to as imputed income, and is also known by the IRS code "I50."

Example: John Smith is 45, and his annual salary is \$60,000. Unless he caps his basic life benefit paid by the City at \$50,000 he will have imputed income on the premiums for \$10,000 of coverage. According to the IRS, the taxable value of a 45-year-old individual is \$0.15 per \$1,000. Therefore, John's monthly imputed income is $10 \times \$0.15 = \1.50 . To calculate your imputed income, go to the premium table at irs.gov.

Using the example above, John also elects four times his annual salary in Supplemental Life Insurance. John should select "no" on his enrollment form for before-tax premiums. The result is no imputed income will be reported on his supplemental life value because premiums are deducted from his pay after taxes are calculated. Imputed income is coded as I50 on your paycheck. This income is subject to federal income tax and FICA (OASDI and Medicare), and is deducted on a monthly basis.

Accidental Death and Dismemberment (AD&D) Coverage

If you are enrolled in Basic and/or Supplemental Life Insurance, you also have AD&D coverage equal to the total amount of your life insurance.

If you have an injury that results in a covered loss, as listed below, you may be eligible for a percentage of your AD&D coverage in effect on the date of the accident. The loss must occur within 365 days of the accident. Injury means bodily injury caused by an accident, occurring while coverage is in force, and resulting directly and independently of all other causes in a loss covered by the AD&D policy.

Covered Loss	Percentage
Life	100%
One hand, one foot, or sight of one eye	50%
Two or more of the above losses	100%
Loss of speech	50%
Loss of hearing	50%
Thumb and index finger of same hand	25%

Loss of hands or feet means severance at or above the wrist or ankle. Loss of sight means total and irrecoverable loss of sight. Loss of speech means total and irrecoverable loss of speech. Loss of hearing means total and irrecoverable loss of hearing. Loss of thumb and index finger means the actual, complete, and permanent severance through or above the metacarpophalangeal joints.

An additional 10 percent of the full amount of Accidental Death and Dismemberment Benefit will be paid to your designated beneficiary or beneficiaries if you die while wearing a properly fastened, original, factory-installed seat belt in an automobile accident. However, the amount payable will not exceed \$10,000 for the Seat Belt Benefit. An additional Air Bag Benefit will be paid if certain conditions are met.

The AD&D Benefit has some limitations and exclusions. Contact the Employee Benefits Division for the list of exclusions.

Waiver of Premium

If you become totally and permanently disabled before age 65, your life insurance coverage may be continued. Total and permanent disability means that, as a result of illness or injury, you are unable to perform the duties of your own occupation or any gainful occupation for which you are reasonably suited by education, training, and experience.

The application process must be completed within one year of your last day actively at work. To apply for a Waiver of Premium, contact the Employee Benefits Division.

To qualify for Waiver of Premium, you must submit written proof of your total and permanent disability to the insurance carrier. If approved, you will not be charged a premium as of the date of notification. The insurance carrier may periodically require you to submit proof of your continuing disability.

Accelerated Death Benefit

If you are terminally ill, the life insurance carrier offers an accelerated death benefit that allows you to receive part of your life insurance money prior to your death.

If you are diagnosed as terminally ill by a doctor, contact the Employee Benefits Division to apply for accelerated benefits. The insurance carrier may require you to be examined by a doctor of their choice, at their expense. If you are approved for an accelerated benefit, it is payable in a lump sum up to 50 percent of the amount of your life insurance coverage. The accelerated benefit can be used with Basic and Supplemental Life Insurance and is subject to a minimum payout of \$10,000 and a maximum payout of \$500,000.

Accelerated benefits are payable only once during your lifetime. Some exclusions apply. Refer to the appropriate life insurance certificates for additional information. Accelerated benefits do not apply to Dependent Life Insurance.

Filing a Life Insurance Claim

When you or your covered dependent dies, a life insurance claim must be filed with the Employee Benefits Division and the appropriate documents submitted:

- Employee death – one original death certificate. Additional documents will be required if death is due to an accident.
- Dependent death – one original death certificate.
- Life insurance claim forms.

Your Right to Convert

The Basic and Supplemental Life Insurance that you have as an employee and the Dependent Life Insurance coverage on your eligible dependents terminate when you separate employment with the City, because the group policy is Term Life insurance. Upon retirement or termination, you can convert your group policy, to an individual policy with the life insurance carrier (subject to plan limitations). If you convert to an individual policy please be aware that the cost of an individual policy may be significantly higher than the group plan due to your age. You must apply and pay your first premium no later than 31 days after the date the coverage has ended. For additional information on conversion to an individual policy, contact the Employee Benefits Division at [512-974-3284](tel:512-974-3284).

Dependent Life Insurance

Dependent Life Insurance is available for your spouse, domestic partner, and children. AD&D coverage is not available for dependents. You must be covered under Basic Life Insurance offered by the City to be eligible to purchase Dependent Life Insurance. You have two options to choose from when purchasing coverage for your dependents. You may increase your dependent life insurance coverage to Option 2 during open enrollment if you currently are enrolled in Option 1. If you choose to enroll your dependents for Dependent Life Insurance coverage, you are the beneficiary under the plan.

Dependent Life Insurance Rates – Per Pay Period

Option 1	Coverage Amount	Rate
Spouse or Domestic Partner	\$10,000	\$.87
Children	\$ 5,000	\$.14
Family or Domestic Partner & Children	\$10,000/\$5,000	\$1.02
Option 2	Coverage Amount	Rate
Spouse or Domestic Partner	\$20,000	\$2.04
Children	\$10,000	\$.35
Family or Domestic Partner & Children	\$20,000/\$10,000	\$2.38

*Remember to update your Beneficiary Designation Form
when you experience a qualifying life event.*



*David Ondich, ADA Coordinator and
Dog Guide Chopin, ADA Office.*

Supplemental Life Insurance Worksheet

Employees must have Basic Life Insurance offered by the City to purchase Supplemental Life Insurance.

You may purchase Supplemental Life Insurance in amounts equal to 1, 2, 3, or 4 times your base annual salary. Base annual salary does not include shift differential, overtime, Service Incentive Pay, lump sum payments, or stipends.

To estimate your pay period cost for Supplemental Life Insurance, follow these steps or go to austintexas.gov/benefits.

1. Determine your **Base Annual Salary**. Do not include any hours for overtime.

$$\underline{\hspace{2cm}} \text{ Hour Work Week} \times 52 \text{ weeks} = \underline{\hspace{2cm}} \text{ Hours} \times \$ \underline{\hspace{2cm}} = \$ \underline{\hspace{2cm}}$$

Hourly Rate Base Annual Salary

2. To find the **Supplemental Life Amount**, multiply your **Base Annual Salary** (from Step 1) by 1, 2, 3, or 4. Then round your answer down to the next closest \$1,000.

$$\$ \underline{\hspace{2cm}} \times 1, 2, 3, \text{ or } 4 = \$ \underline{\hspace{2cm}}$$

Base Annual Salary Supplemental Life Amount

3. To find the **Number of \$1,000 Units**, divide the **Supplemental Life Amount** (from Step 2) by 1,000.

$$\$ \underline{\hspace{2cm}} \div 1,000 = \underline{\hspace{2cm}}$$

Supplemental Life Amount Number of \$1,000 Units

4. To find your **Pay Period Cost**, multiply the **Number of \$1,000 Units** (from Step 3) by the **Cost Per \$1,000 of Coverage** for your age group (see chart below). The answer in Step 4 is your estimated cost per pay period.

$$\underline{\hspace{2cm}} \times \$ \underline{\hspace{2cm}} = \$ \underline{\hspace{2cm}}$$

Number of \$1,000 Units Cost per \$1,000 Pay Period Cost

Age	Cost Per \$1,000 of Coverage
34 and under	\$0.031
35 to 39 years	\$0.036
40 to 44 years	\$0.047
45 to 49 years	\$0.078
50 to 54 years	\$0.115
55 to 59 years	\$0.177
60 to 64 years	\$0.230
65 to 69 years	\$0.366
70 and older	\$0.844

Disability

Short Term Disability (STD)

Coverage is provided at no cost for employees who are in a regular budgeted position and are scheduled to work 20 or more hours per week. The following information is only a summary of the program. STD covers **off-the-job** injuries, illnesses, and pregnancies.

Definition of Disability

Total disability or totally disabled means that you are prevented by illness, injury, or pregnancy from performing the essential duties of your occupation.

Benefit Amount

If approved, the benefit amount is 70 percent of your base weekly salary, up to \$1,500 per week. The minimum payment is \$15 per week. This is a taxable benefit.

Coverage Period

You must satisfy a 30-day waiting period. During the waiting period, you may use paid leave, but you must be off work continuously for 30 days. Benefits are payable on the 31st day, up to 60 days.

Reduction in Benefits

Once approved for STD benefits, you must stop using any paid leave. Your STD benefits will be reduced by any paid leave or work earnings you receive from the City.

Filing a Claim

You must file a claim with the Employee Benefits Division within 60 days of your disability date. The Employee Benefits staff will assist you with the application process. The insurance carrier determines whether the claim is approved or denied and notifies you of the determination in writing.



Robert Golembeski, Animal Care Supervisor, Animal Services Department.

Eligibility for Other Benefits

While receiving STD benefits, you may be eligible to continue medical, dental, vision, life insurance, and other benefits. Your eligibility depends on if you:

- Return to work.
- Go on an approved Leave of Absence.
- Go on FMLA leave.
- Pay any required premiums.
- Retire or terminate your employment.

When Benefits End

Your STD benefits automatically end on the earliest of the following dates:

- The date you are no longer disabled.
- The date you fail to furnish proof of loss.
- The date you are no longer under the care of a physician.
- The date you refuse the carrier's request to submit to an examination by a physician or other qualified medical professional.
- The date your maximum benefit period ends.
- The date of your death.
- The date Long Term Disability (LTD) benefits become payable under the City's LTD program.

Exclusions and Limitations

STD coverage has the following exclusions or limitations:

- Is due to an intentionally self-inflicted injury.
- Is due to war or any act of war (declared or not declared).
- Results from your commission of or attempt to commit a felony or your engagement in an illegal occupation.
- Is an occupational disease.
- Is an occupational injury.
- Is not under the ongoing care of a physician.

For information on additional exclusions and limitations, refer to the Certificate of Coverage. If you have another STD policy, check with your insurance carrier or agent to determine whether its benefits are affected by the City's STD program.

Long Term Disability (LTD)

Coverage is an employee-paid benefit offered to employees who are in a regular budgeted position and are scheduled to work 20 or more hours per week. The following information is only a summary of the program. LTD covers **on-** and **off-the-job** injuries, illnesses, and pregnancies.

Definition of Disability

During the 90-day benefit waiting period and until benefits have been paid for 24 months, you are considered disabled if, as a result of illness, injury, or pregnancy, you are unable to perform the material duties of your own occupation with reasonable continuity and experience a 20 percent loss of earnings.

After benefits have been paid for 24 months, you are considered disabled if, as a result of physical disease, mental disorder, injury, or pregnancy, you are unable to perform the material duties of any occupation.

Benefit Amount

If approved, the benefit amount is 60 percent of your base monthly salary, up to \$10,000 per month. The minimum monthly payment is the greater of \$100 or 10 percent of your monthly benefit prior to any reduction for other income benefits. This is a non-taxable benefit.

Coverage Period

You must satisfy a 90-day waiting period. During the waiting period you may use paid leave or STD benefits, but you must be off work a total of 90 days. Benefits are payable until you are no longer disabled or are no longer qualified for LTD.

Reduction in Benefits

Once approved for LTD benefits, you must stop using any paid leave. Your LTD benefits will be reduced by any paid leave or work earnings you receive from the City.

Filing a Claim

You must file a claim with the Employee Benefits Division within 180 days of your disability date. The Employee Benefits staff will assist you with the application process. The insurance carrier determines whether the claim is approved or denied and notifies you of the determination in writing.

Eligibility for Other Benefits

While receiving LTD benefits, you may be eligible to continue medical, dental, vision, life insurance, and other benefits. Your eligibility depends on if you:

- Return to work.
- Go on an approved Leave of Absence.
- Go on FMLA leave.
- Pay any required premiums.
- Retire or terminate employment.

When Benefits End

Your LTD benefits automatically end on the earliest of the following dates:

- The date you are no longer disabled.
- The date you fail to furnish proof of loss.
- The date you are no longer under the care of a doctor.
- The date you refuse the carrier's request to submit to an examination by a physician or other qualified medical professional.
- The date you refuse to participate in a rehabilitation program.
- The date your maximum benefit period ends.
- The date of your death.

If you are filing for benefits at age 62 or older, the chart below indicates how many months you are eligible to receive LTD benefits.

Age	Maximum Benefit Period
62 but less than 63	42 months
63 but less than 64	36 months
64 but less than 65	30 months
65 but less than 66	24 months
66 but less than 67	21 months
67 but less than 68	18 months
68 but less than 69	15 months
69 or older	12 months

Exclusions and Limitations

LTD coverage has the following exclusions and limitations:

- Is due to an intentionally self-inflicted injury.
- Is due to war or any act of war (declared or not declared).
- Results from your commission of or attempt to commit a felony or your engagement in an illegal occupation.
- Is not under the ongoing care of a physician.
- Is a pre-existing conditions.
- Exceeds the limited benefits period for disability. Some conditions are limited to 24 months. Please refer to the policy booklet for details.

For information on additional exclusions and limitations, refer to the Certificate of Coverage. If you have another LTD policy, check with your insurance carrier or agent to determine whether its benefits are affected by the City's LTD program.

Long Term Disability Worksheet

Your LTD premium is based on your base annual salary and age. Base annual salary does not include shift differential, overtime, Service Incentive Pay, lump sum payments, or stipends.

To estimate your pay period cost for LTD coverage, follow these steps, or go to [cityspace](#). Click on **Employee Benefits** and scroll down to **Disability Programs**. You can also go to [austintexas.gov/benefits](#).

1. Determine your **Base Annual Salary**. Do not include any hours for overtime.

$$\underline{\hspace{2cm}} \text{ Hour Work Week} \times 52 \text{ weeks} = \underline{\hspace{2cm}} \text{ Hours} \times \$ \frac{\underline{\hspace{2cm}}}{\text{Hourly Rate}} = \$ \frac{\underline{\hspace{2cm}}}{\text{Base Annual Salary}}$$

2. To find the **Number of \$100 Units** of coverage you may buy, divide your **Base Annual Salary** (from Step 1) by 100.

$$\frac{\$ \underline{\hspace{2cm}}}{\text{Base Annual Salary}} \div 100 = \frac{\underline{\hspace{2cm}}}{\text{Number of \$100 Units}}$$

3. To find your **Annual Cost**, multiply the **Number of \$100 Units** (from Step 2) by the **Cost Per \$100 of Base Annual Salary** for your age group (see chart below). Your answer in Step 3 is your estimated annual cost.

$$\frac{\$ \underline{\hspace{2cm}}}{\text{Number of \$100 Units}} \times \$ \frac{\underline{\hspace{2cm}}}{\text{Cost per \$100}} = \$ \frac{\underline{\hspace{2cm}}}{\text{Annual Cost}}$$

4. To find your **Pay Period Cost**, divide your **Annual Cost** (from Step 3) by 24 pay periods. The answer in Step 4 is your estimated cost per pay period.

$$\frac{\$ \underline{\hspace{2cm}}}{\text{Annual Cost}} \div 24 \text{ pay periods} = \$ \frac{\underline{\hspace{2cm}}}{\text{Pay Period Cost}}$$

Age	Cost Per \$100 of Base Annual Salary
29 and under	\$0.082
30 to 39 years	\$0.108
40 to 49 years	\$0.236
50 to 59 years	\$0.442
60 to 69 years	\$0.338
70 and older	\$0.118

FLEXTRA

FLEXTRA helps you keep more of your pay by reducing the amount of federal taxes deducted. Participating in FLEXTRA allows you to pay for certain expenses on a before-tax basis. These include childcare expenses and most out-of-pocket medical, prescription, dental, and vision care expenses.

FLEXTRA accounts are regulated by IRS code Section 125 and administered by Erisa for the City of Austin. You may choose to participate in one or both of these accounts:

- FLEXTRA Health Care Account
- FLEXTRA Dependent Care Account

To view account activity balances and submit a claim form, go to coaflextra.com.

IMPORTANT NOTE

CDHP w/HSA participants are not eligible to enroll in FLEXTRA Health Care. You can contribute pre-tax money to pay for eligible medical, prescription, dental, and vision expenses through your HSA.

Use it or Lose It

Estimate the money you put aside in your FLEXTRA accounts carefully. Money for eligible expenses not claimed by the deadlines listed below will be forfeited.

Deadlines to Remember

- March 15, 2018 to incur eligible IRS expenses.
- May 31, 2018 to submit claims for reimbursement from your 2017 accounts.

FLEXTRA Health Care Account

You can use your FLEXTRA Health Care Account to pay for eligible medical, prescription, dental, and vision care expenses.

To participate, you:

- Estimate your out-of-pocket expenses for the calendar year using the FLEXTRA Health Care Worksheet at the end of the FLEXTRA section. If you enroll mid-year, estimate your expenses for the eligible pay periods remaining for the calendar year.
- Choose the amount to be deducted from your paycheck (up to \$106 per pay period based on 24 pay periods per year, with a maximum of \$2,544).

Examples of **Eligible Expenses** include, but are not limited to:

- Copays, deductible and coinsurance amounts, and facility fees.
- Expenses for hearing aids.
- IRS approved over-the-counter drugs (must have a prescription from your physician).
- Medical and dental expenses in excess of the Maximum Allowable Charge or Plan limits.
- Vision care expenses (exams, glasses, contact lenses, and vision correction surgery).

Examples of expenses that **cannot** be reimbursed through the FLEXTRA Health Care Account include, but are not limited to:

- Premiums for health coverage.
- Expenses reimbursed by any other plan or policy.
- Expenses for vitamins and cosmetics.
- Cosmetic surgery.
- Over-the-counter drugs without a prescription.
- Expenses incurred before your effective date or after your term date.

For a complete list of eligible expenses, call Erisa at [512-250-9397](tel:512-250-9397) or go to coaflextra.com.

Use the FLEXTRA Health Care Benefits Card for Added Convenience

When you enroll in the FLEXTRA Health Care Account, you will receive a FLEXTRA Health Care Benefits Card to pay for eligible expenses. Your account will be credited with the total amount you have elected for the year. When you use your card, approved expenses are automatically deducted from your FLEXTRA Health Care Account. You can always review your card balance at coaflextra.com.

The advantages of using the card are listed below:

- Instant access to your Health Care Account funds.
- No need to use out-of-pocket dollars.
- No claims to file.
- No waiting for reimbursement checks.



FLEXTRA Health Care Benefits Card

Here's How it Works:

- Use your card to pay for eligible expenses anywhere MasterCard is accepted.
- **Keep your receipts** to verify the expense is eligible.
- If you present your card for payment and have exceeded the amount you set aside for the year, use of the card will be denied.
- You cannot use your card for over-the-counter drugs.

You May File a Claim

You may choose not to use your benefits card and instead file claims for reimbursement; it's your choice. To do so, complete a FLEXTRA Health Care claim form and submit the form along with your paid receipts or Explanation of Benefits directly to Erisa. Claims for eligible over-the-counter drugs must be sent to Erisa along with your physician's prescription.

FLEXTRA Health Care Carryover

If you have money left in your account from the previous year, you may use your card to pay for out-of-pocket expenses incurred before March 15, 2018. You may also pay for these expenses at the point of service, and then submit a paper claim by May 31, 2018, along with your receipts to Erisa for reimbursement, indicating the year for which it applies.

A Real-Life Example of the FLEXTRA Health Care Account

Neil needs dental surgery in February 2017. After the dental plan pays its portion, Neil will owe \$1,200.

During Open Enrollment, Neil decided to have \$50 per pay period put into his FLEXTRA Health Care Account on a pre-tax basis. There are 24 benefits deductions taken during the calendar year (24 pay periods x \$50 = \$1,200). Then \$1,200 is placed in Neil's FLEXTRA Health Care Account on January 1, 2017, even though the money hasn't yet been deducted from Neil's biweekly paychecks.

When Neil has surgery in February, he uses his card to pay his portion of the bill (\$1,200). Each pay period, Neil will see a \$50 deduction taken from his paycheck. Neil is reimbursing his FLEXTRA Health Care Account for the \$1,200.

By participating in the FLEXTRA Health Care Account, Neil paid for his surgery with money that was not taxed. In addition, Neil did not have to pay his portion of the bill (\$1,200) out of his pocket.

Employees are often under the impression that all "medical expenses" can be deducted from their individual tax return. Generally, that is not the case. The expenses that can be deducted on the tax return are those expenses that exceed 10 percent of your adjusted gross income.

FLEXTRA Health Care Account Worksheet

Use this worksheet to estimate your out-of-pocket expenses for the year (January 1, 2017 to December 31, 2017). Some common FLEXTRA Health Care expenses are listed below. For more information, go to irs.gov.

	Employee	Dependents	Total
Prescription Copays	<i>You save money by using Tier 1 drugs. Review your maintenance and prescribed over-the-counter drugs to see if you are choosing the most economical option.</i>		
Medications (including prescribed over-the-counter drugs)			\$
Doctor Visit Copays			\$
Scheduled			
Non-Scheduled			
Medical Procedures	<i>Some examples of eligible expenses include laser eye surgery, outpatient surgery, hospital copays, coinsurance, and hospital stays.</i>		
Procedures			\$
Dental Care Costs	<i>Examples include orthodontia, root canals, crowns, fillings, night guards, splints, etc.</i>		
Routine dental expenses			\$
Specialized procedures			\$
Orthodontia			\$
Vision Care Costs			\$
Estimated annual total of out-of-pocket health care expenses:			\$
Divide total by 24 payroll deductions. If you enroll mid-year, estimate your expenses for the eligible pay periods remaining for the calendar year.			÷
Estimated contribution per pay period, based on 24 pay periods: <i>Maximum deduction is \$106 per pay period (cannot exceed \$2,544).</i>			\$



Clay Rivers and Paul Martin (left to right), Public Works Department.

FLEXTRA Reimbursement Tips

1. Receipts: Whether you (or a family member) choose to use the FLEXTRA Health Care Benefits Card or file claims, always keep your receipts and save copies of the medical plan's Explanation of Benefits.
2. Orthodontia expenses: The amounts reimbursable for orthodontia expenses are determined as claims are incurred throughout the course of treatment. The amount reimbursable through FLEXTRA is the difference between the amount billed and the amount paid by the dental plan. This amount may not match the payment plan you have set up with your dentist.
3. Remember that FLEXTRA is a "use it or lose it" benefit. Carefully estimate your expenses before deciding on a deduction amount.

FLEXTRA Dependent Care Account

If you pay for day care or after school care, consider enrolling in the City's FLEXTRA Dependent Care Account. Why not **save** income taxes on your childcare expenses? A Dependent Care Account usually will save you more in taxes than the Federal Tax Credit; however, it depends on your income. You can view and submit claims at coaflextra.com.

Your child must be under age 13, unless physically or mentally incapable of self-care, and spend at least eight hours a day in your home.

Dependent care must be used to enable you, or if you are married, you and your spouse, to be gainfully employed or to attend school full-time. Generally, your spouse must have earnings from employment that are at least equal to the amount you contribute to the FLEXTRA Dependent Care Account.

Example of how the FLEXTRA Dependent Care Account works:

Susan's gross pay is \$1,000 per pay period. In her Dependent Care Account, she sets aside \$4,800 per year (\$200 per paycheck, based on 24 pay periods annually) for childcare expenses.

This example shows how being enrolled in FLEXTRA Dependent Care makes it possible for Susan to take home more money by reducing her taxable income.

Per Pay Period	Paycheck With FLEXTRA Dependent Care	Paycheck Without FLEXTRA Dependent Care
Gross Pay	\$ 1,000.00	\$ 1,000.00
Dependent Care expenses deducted before taxes	\$ - 200.00	\$ 0.00
Taxable Pay	\$ 800.00	\$ 1,000.00
Social Security/Medicare at 7.65% of taxable pay	\$ - 61.20	\$ - 76.50
Income Tax at 15% tax bracket	\$ - 120.00	\$ - 150.00
After-Tax Pay	\$ 618.80	\$ 773.50
Paying for Dependent Care after taxes	\$ 0.00	\$ 200.00
Take-Home Pay	\$ 618.80	\$ 573.50

If you participate in the FLEXTRA Dependent Care Account:

1. Estimate your out-of-pocket dependent care expenses for the calendar year using the Dependent Care Worksheet on the following page.
2. Choose the amount to be deducted from your pay, up to \$208 per pay period, based on 24 pay periods per year. If you enroll mid-year, estimate your expenses for the eligible pay periods remaining for the calendar year.
3. Incur eligible IRS expenses. You may submit claims for babysitters, companions, or day care centers as allowed by the IRS. Your claim must include the name, address, and Social Security Number or Tax ID number of the childcare provider.
4. Submit a FLEXTRA Dependent Care claim form and a copy of your paid receipts directly to Erisa. You may not claim expenses paid to a relative claimed on your or your spouse's federal tax return, or who is your child or stepchild and is under age 19, at the end of the tax year.
5. Receive reimbursement. Checks are mailed to you on a weekly basis for the amount of your eligible expenses, up to the current balance in your account. If your expenses are greater than the balance in your account, you will receive additional reimbursements as more before-tax dollars are placed in your account.

If you have any questions, call Erisa at [512-250-9397](tel:512-250-9397).

FLEXTRA Dependent Care Account Worksheet

Use this worksheet to estimate your expenses for the year (January 1, 2017 to December 31, 2017). Some common FLEXTRA Dependent Care expenses are listed below. For more information, go to [irs.gov](https://www.irs.gov).

Activity	Monthly Cost	Number of Months	Number of Children	Total Cost
Day Care – 6 years and under, still not in first grade	\$	X ____ months	X ____ children	\$
Before school childcare, children up to age 13	\$	X ____ months	X ____ children	\$
After school childcare, children up to age 13	\$	X ____ months	X ____ children	
Summer care or day camp, children up to age 13	\$	X ____ months	X ____ children	\$
Estimated annual total of out-of-pocket dependent care expenses.:				\$
Divide total by 24 payroll deductions. If you enroll mid-year, estimate your expenses for the eligible pay periods remaining for the calendar year.				÷
Estimated contribution per pay period, based on 24 pay periods: <i>Maximum deduction is \$208 per pay period (cannot exceed \$4,992).</i>				\$

If you are this limit applies for your family each year. These limits may be reduced if you also participate in a City Childcare Program.
Single	\$4,992
Married, filing a joint tax return	Lesser of \$4,992 , your income, or your spouse's income
Married, filing separate tax returns	Lesser of \$2,496 , your income, or your spouse's income
Married with a spouse who is disabled or is a full-time student at least five calendar months of the year	\$2,496 if you have one dependent; \$4,992 if you have two or more dependents



Austin-Travis County EMS Personnel (Pictured left to right: Medic II Jacinto Andry, Medic II Selena Xie, Medic II Heather Coy, Communications Medic II Kristina Pena, Captain Neda Oskouee, and Commander Mike Benavides).

FLEXTRA and the City's Childcare Programs

If you participate in both the FLEXTRA Dependent Care Account and one of the City's Childcare Programs during the same year, funds you receive from the combined programs in excess of \$5,000 are taxable under IRS guidelines. For instance, if a single parent elected the maximum FLEXTRA Dependent Care deduction of \$4,992 and received a \$500 summer camp program scholarship, the parent would be taxed on the \$492 exceeding the limit. If you have questions, call the Employee Benefits Division at [512-974-3284](tel:512-974-3284).

FLEXTRA Additional Information

If you do not participate in Open Enrollment, your annual elections will continue for the following year.

Enrolling In or Changing Your FLEXTRA Accounts

You can enroll or make changes to your FLEXTRA accounts for the following three instances:

1. As a new employee.
2. During Open Enrollment.
3. Within 31 days of a qualifying life event.

Examples of qualifying life events are:

- Marriage or divorce.
- Birth or adoption of a child.
- Death of a spouse or child.
- Beginning or end of spouse's employment.
- Changes to your childcare.
- Reduction in hours worked, which affects eligibility for benefits.

Leaving City Employment

FLEXTRA Health Care Account

If you terminate employment with the City, you will have until May 31, 2018 to submit claims to Erisa for expenses that were incurred while you were employed with the City and contributed to your FLEXTRA Health Care Account.

If you have money remaining in your FLEXTRA Health Care Account, you may continue your participation through COBRA. For more information, call Erisa, the City's COBRA Administrator, at [512-250-9397](tel:512-250-9397).

FLEXTRA Dependent Care Account

If you terminate employment with the City, you will have until March 15, 2018 to incur expenses and submit claims to Erisa by May 31, 2018 to receive reimbursement for funds accrued in your FLEXTRA Dependent Care Account.

Call Erisa at [512-250-9397](tel:512-250-9397) for more information on your FLEXTRA Accounts.

FLEXTRA Health Care and Dependent Care Review

1. FLEXTRA is governed by and must comply with the rules of the IRS.
2. FLEXTRA accounts do not result in tax savings for everyone. You should discuss with a tax advisor or obtain information from the IRS. Go to [irs.gov](https://www.irs.gov).
3. You may continue contributions to your FLEXTRA Health Care Account through COBRA.
4. You may only make changes to your FLEXTRA accounts within 31 days of an IRS permitted change or during Open Enrollment.
5. You may set aside up to \$106 per pay period for FLEXTRA Health Care.
6. You may set aside up to \$208 per pay period for FLEXTRA Dependent Care.
7. **USE IT OR LOSE IT.** You have until March 15, 2018 to incur expenses and until May 31, 2018 to submit claims for reimbursement from your 2017 accounts.
8. Dependents must be eligible under IRS Code, Section 125.



APD Officers visiting with community members regarding the Austin Police Department's Air Unit (APD personnel pictured left to right: Chief Tactical Flight Officer/SPO Tom Lopatowski, Tactical Flight Officer/SPO Shane Kirk, and Pilot/SPO Kurt Wernicke).

Group Legal Plan

ARAG offers affordable legal resources, services and representation to help employees plan for, protect against, and resolve legal issues. Visit araglegalcenter.com and enter access code **17886COA** to learn more and research legal topics. Call **800-247-4184** to speak with an ARAG Customer Care Specialist.



Receive the Following Plan Benefits

- **In-Office Legal Services:** Visit in-office with an ARAG Network Attorney who will provide document preparation and review, advice, and legal representation, including court representation.
- **Legal Hotline:** Receive unlimited legal advice from Network Attorneys. They can help you review or prepare documents, including a Standard Will.
- **Identity Theft Services:** Certified Identity Theft Case Managers will guide you through the steps of prevention and recovery.
- **Financial Wellness Hotline:** Receive guidance and education on a wide range of financial topics.
- **Online Legal Services:** Go to araglegalcenter.com for helpful legal resources and create DIY Docs.
- **Discounted Services:** For legal matters which are not covered in full, and not specifically excluded, you can still receive at least 25 percent off of the normal attorney rates.

Review the Comprehensive Plan Coverages

You can rely on a comprehensive array of legal services, many of which are **100 percent paid-in-full** when you work with a Network Attorney. Here are examples offered through the plan:

- | | | |
|----------------------------------------|-----------------------------|---------------------------------|
| • Purchase & Sale of Primary Residence | • Postnuptial Agreement | • Credit Records Correction |
| • Defense of Civil Damage Claims | • Real Estate Matters | • Adoption |
| • Consumer Protection Issues | • Small Claims Court | • Child Custody (Up to 8 hours) |
| • Criminal Matters | • Tax Issues | • Divorce |
| • Landlord/Tenant Matters | • Wills and Estate Planning | • Traffic Matters |
| • Bankruptcy (Chapter 7 & 13) | • Name Change | • Debt Collection |

Divorce – Contested divorce coverage is limited to 25 hours; uncontested divorce coverage is unlimited.

Locating Network Attorneys – As a member, you have access to a nationwide network of more than 6,400 experienced attorneys who can provide legal guidance and assistance. To search for an attorney near you, use the Attorney Finder feature on the website or call for assistance. If there are no Network Attorneys located within 30 miles of your home, ARAG will locate an attorney at no extra cost or loss of benefit to you.

Your Right to Convert – If you are no longer eligible for the plan (leave City employment), you have the option of purchasing a similar plan through ARAG. You have 90 days after your coverage ends to enroll in the plan.

ARAG Rates – Per Pay Period

Employee Only	\$ 5.45
Employee & Family	\$ 7.40

Employee Wellness

- HealthyConnections



Colleen Kirk, Civil Engineer, Austin Water Utility.



City of Austin Wellness Program

The City of Austin considers health and wellbeing a top priority and supports employees and family members on their journey to health and happiness. HealthyConnections, the City's award-winning employee wellness program, offers a wide range of wellness activities to encourage and support healthy lifestyles. Programs are free to employees and held at various City worksites. The program offers something for everyone, including free workout classes, Health Coaching, and chronic disease management and prevention.

With your supervisor's approval, you may be able to attend wellness activities on work time or use flex time to make up the time later in the week.

Engaged Employees

According to claims data, employees engaged in wellness have lower average medical expenses and a higher utilization of both primary and preventive care services. Employees engaged in our wellness program also have shorter hospital stays and lower inpatient costs. These savings are beneficial for the organization and are passed on to the employee.

Find Out About Wellness

Sources for wellness information:

- Website: Visit the HealthyConnections webpage on CitySpace and click on Monthly News.
- Newsletters: Watch for featured articles in CitySpace, *CitySource Today*, and the *HR Update*, as well as program information provided in the weekly PE email.
- Annual wellness calendars are available in December from your department's Health Promotion Team.

Contact: [512-974-3284](tel:512-974-3284) and ask to speak with a Wellness Consultant or email HealthyConnections@austintexas.gov.

Department Health Promotion Teams

Each City department has a Health Promotion Team (HPT) made up of volunteers who understand the importance of wellness. A current list can be found on the HealthyConnections website on CitySpace.

Health Assessments: Earn a Day Off!

The City strives to achieve a healthy workplace for the benefit of its employees and for the sustainability of the organization. An important tool is a Health Assessment, which provides a "snapshot" of an individual's health. Identifying health risks leads to early intervention, resulting in better outcomes and less costly treatment.

Employees can earn eight hours of administrative leave (ADL) for completing a health assessment. You must be enrolled in a City medical plan, and are eligible to earn the incentive once per calendar year. ADL will be sent through interoffice mail eight weeks after completing the Rally Health Survey.

To Complete a Health Assessment and Earn ADL:

1. Complete a finger stick screening at a City Health Assessment to get health numbers such as cholesterol, glucose, and triglycerides. To register for an appointment, call [877-366-7483](tel:877-366-7483).

OR

2. Use lab results obtained through a doctor to get current health numbers.

These health numbers are then used to complete the Rally Health Survey at myuhc.com. When the survey is completed, employees will receive a Rally Health Age and recommendations for improving health and fitness. This information is available any time at myuhc.com. All personal health information is protected by HIPAA and will remain confidential.

Healthy Rewards Wellness Incentive Program

Healthy Rewards is a financial incentive program designed to engage employees in health and wellness activities to improve overall health status. Employees can participate in a variety of activities to earn rewards (up to \$100, taxable), which are tracked on the HR Portal. Employees must complete the Rally Health Survey (before September 30) to earn Healthy Rewards.

Examples of eligible wellness activities include an annual physical or colonoscopy. Employees can also earn Healthy Rewards by participating in the Healthy Weight Program, health coaching, the Stress Management Program, City Olympics, and designated health campaigns and seminars.

To earn Healthy Rewards, an employee:

- Must be enrolled in a City-sponsored medical plan (temporary employees are eligible if they are enrolled in a City sponsored medical plan).
- Must be employed by the City at the time of payout in November.
- Must complete the Rally Health Survey at myuhc.com between January 1 and September 30, 2017.

Chronic Disease Programs

The City is committed to addressing the growing issue of chronic disease in the workforce. HealthyConnections offers a number of programs to help employees and dependents age 18 and older manage their conditions and improve quality of life. The programs are available to individuals enrolled in a City medical plan.

Diabetes and Prediabetes Programs

This program is offered to employees, retirees, and dependents enrolled in a City sponsored medical plan. The program provides education on the disease, quarterly meetings with a Randalls pharmacist, and a free OneTouch glucose monitor. Those who meet program requirements, can receive free Tier 1 diabetes medication and supplies. Individuals who are pre-diabetic are eligible to participate in the educational component of the program. To enroll, call the Seton Diabetes Education Center at [512-324-1891](tel:512-324-1891) (choose Option 2).



Healthy Weight Program

Obesity is the top health risk for employees, based on data obtained through City-sponsored Health Assessments. Karelia Health assists participants in losing weight and reducing health risks. It is designed for employees with a BMI of 40 or higher, or a BMI of 35 or higher and one health risk factor, such as diabetes or high blood pressure.

The program is offered quarterly and features weekly meetings at City worksites for 10 weeks led by a Registered Dietitian. Lunchtime classes will be held at multiple locations and a live webinar is available for employees who cannot attend physical classes. The curriculum covers basic nutrition principles with an emphasis on a plant-based diet, food logging and portion control, smart shopping, and the importance of exercise. Participants complete a pre and post assessment to evaluate progress. Employees who complete the program are eligible to earn Healthy Rewards.

Cardiovascular Disease Management Program

The City is committed to controlling health care costs related to heart disease, as well as implementing a program that reduces the risk of heart disease in employees. HealthyConnections is partnering with the American Heart Association to offer Check Change Control, a blood pressure monitoring program where employees check their blood pressure twice a month for four months. Contact HealthyConnections or your HPT if you are interested in hosting the program at your worksite.

Stress Management Program

Stress is one of the top three health risks that City employees are dealing with and this program offers tips, resources, and support on how to manage stress. The program is a series of webinars (hosted by Deer Oaks, the City's EAP provider) that can be viewed from your desk. The webinars cover the impact of stress on your health and provide real world tips to manage and reduce stress in your daily life.

Complete the webinar series and take the survey to earn \$25 in Healthy Rewards! Links to webinars are available on the HealthyConnections website.

Tobacco Premium

Employees and spouses currently using tobacco products, including but not limited to cigarettes, cigars, chewing tobacco, snuff, pipes, snus, shisha and electronic cigarettes will be charged a tobacco premium.

Employees and Spouses enrolled in a City sponsored medical plan who use tobacco will each pay \$12.50 per pay period. To stop the tobacco premium, employees and spouses using tobacco must complete the Tobacco Cessation 101 class. Employees can register for the Tobacco Cessation class on TRAIN/HealthyConnections, spouses will show up and register at the class.

Tobacco Cessation 101

Helps participants live tobacco free. Classes designed for all forms of tobacco use are available at worksites across the City. To successfully complete Tobacco Cessation 101, the individual must complete BOTH Parts 1 and 2.

Individuals who complete the class are eligible to receive cessation medication (including over-the-counter products) free for nine months with a doctor's prescription. Employees, spouses and eligible dependents (age 18 years and older) who are covered in a City medical plan are eligible for this benefit. Check the HealthyConnections website, or look on TRAIN for the schedule of classes.

PE Program

HealthyConnections offers free exercise classes at a variety of worksites and other locations to help employees improve their fitness and overall health. The PE program has options for all fitness levels and encourages participants to go at their own pace.

The program is offered year round and includes many types of exercise classes. Examples include yoga, strength training, spin classes, Zumba, boot camps, golf, and basketball. There are also several Walk and Run/Walk options including an advanced running class (PE2).



PE Anytime allows employees to participate in PE using the Endomondo app or a Fitbit fitness tracker. This option offers flexibility for individuals with challenging schedules or those wanting to exercise on their own. Classes are offered on a quarterly basis, and registration is on the HR Portal. Employees (excluding temporary employees) who attend 10 out of 12 workouts and complete the Rally Health Survey can earn four hours of ADL in any two of the four PE quarters.

Health & Lifestyle Expos

HealthyConnections sponsors Citywide Health and Lifestyle Expos at Palmer Events Center. Expos offer Health Assessment screenings and an opportunity for employees, retirees, and family members to explore a number of booths focusing on health and lifestyle.

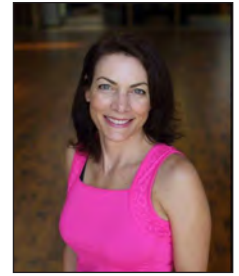
Flu Shots

This benefit is free to employees and is offered in the fall at City worksites. Dependents age 18 and older are eligible if accompanied by an adult employee.

Onsite Health Coach/Registered Dietitian

Supports wellness in the workplace. The coach meets with employees one-on-one at City worksites to address health issues such as high blood pressure or diabetes. The coach can provide assistance with setting appropriate health and fitness goals, identifying barriers to success, and maintaining motivation along the way. Examples of issues she can provide assistance with include weight reduction, improving nutrition, and managing stress.

Visit the HealthyConnections website for Frequently Asked Questions about health coaching, including how to set up an appointment. Employees who participate in this program are eligible for Healthy Rewards.



*Tracy Beeman, UHC
Health Coach.*

Healthy Pregnancy & Beyond

The Healthy Pregnancy Program offered by HealthyConnections and UnitedHealthcare is designed to help pregnant women get the support and information they need to have a healthy pregnancy. All pregnant women covered by a City medical plan are eligible for the program and can enroll by calling [800-430-7316](tel:800-430-7316). Benefits include 24/7 access to OB nurses, a copy of the Mayo Clinic's *Guide to a Healthy Pregnancy*, and a HealthyConnections onesie. Breast pumps are covered at 100% through UnitedHealthcare. Contact UnitedHealthcare for more information.

For breastfeeding support, contact Mom's Place at [512-972-6700](tel:512-972-6700) or visit their website at momsplace.org.

City Olympics

HealthyConnections partners with the Parks and Recreation Department to host the annual City Olympics for employees and their families at Krieg Sports Complex. The event includes a sports tournament for employees, a mini-health expo, brisket cook-off competition, golf tournament, obstacle course, 5K run/walk, and a kids 1k and activities. Employees who participate in this event are eligible for Healthy Rewards.

Healthy Connections Sponsors Activities

HealthyConnections sponsors activities based on national awareness campaigns and challenges are designed to educate employees about a healthy lifestyle. At least 50 percent of all medical claims are preventable with healthy eating, regular exercise, and quitting tobacco. Most activities are eligible for Healthy Rewards.

City health awareness campaigns for 2017 are listed below.

- January – Nutrition Month
- February – Heart Health Month – Wear Red Day Heart Walk
- April – Million Mile Month / Financial Literacy Month
- June – Men's Health Month
- September – Women's Health Month – Mammo Mixers

Farm to Work

In partnership with the Sustainable Food Center of Austin, this program offers weekly delivery of preordered baskets containing fresh, locally-grown produce at City worksites. To see what worksites receive delivery and to place an order, visit the HealthyConnections website.



Chair Massage

Several registered massage therapists offer a 15-minute head, neck, and shoulder massage at the workplace for \$15. Check with an HPT member in your department for information about availability in your department.

Five Wishes Program

This easy-to-complete living will addresses your medical, personal, emotional, and spiritual needs if you become seriously ill. The document is available for free by contacting your department's HPT member or the Employee Benefits Division.



Lila Hernandez Utility Services Supervisor, Austin Energy at the Health Expo.

Additional Benefits

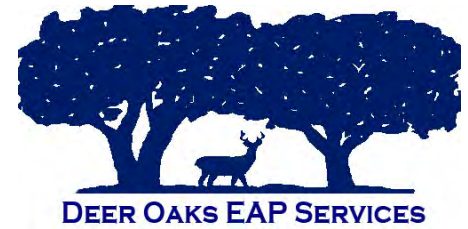
- Employee Assistance Program
- Employee Communications
- Tuition Reimbursement
- Service Incentive Pay
- Childcare Programs
- Commuter Program
- Leave
- Veterans Services Office
- Workers' Compensation
- Direct Deposit
- Velocity Credit Union
- Employee Retirement Systems
- Deferred Compensation
- Social Security



Austin Skyline.

Employee Assistance Program (EAP)

Deer Oaks EAP Services, LLC (Deer Oaks) provides short-term confidential counseling to help you and members of your household deal with life's stresses. The EAP provides resources to help you address a wide variety of issues. Services are available 24 hours a day, seven days a week at no cost to you.



The Deer Oaks counselors understand the constant interplay between problems on and off-the-job. They understand almost any issue can be dealt with if it is identified and treated early. Typically, employees attend fewer than five counseling and problem resolution sessions. Deer Oaks can help you with:

- Marital/family problems
- Domestic violence
- Psychological issues
- Crisis management
- Legal problems
- Anger management
- Work/vocation issues
- Adolescence
- Substance abuse/dependency

Real Lives, Real Help

A 23-year-old mother of two children whose marriage was falling apart because she and her husband felt their problems were just too big to overcome. Like many young couples, they had financial issues and just didn't feel the same about each other after having two children in three years. After several sessions with an EAP counselor they found ways to work through their problems together. They also learned the importance of making time for themselves – such as a date night without the kids.

A 40-year-old utility worker whose 14-year-old daughter began having trouble with grades and started spending her time at home locked in her room. He and his wife were concerned so they scheduled an appointment with a counselor for a family session. They learned their daughter's behavior was not uncommon for a child her age.

Work/Life Services

Deer Oaks counselors can also assist with work/life issues such as:

- Advantage Financial Assist – Unlimited telephone consultations
- ID Recovery – Free 30 minute telephone consultations
- Travel information/referral
- Adoption education/coordination
- Advantage Legal Assist – Free 30 minute telephone consultations
- Child/elder care referral
- Consumer product information
- Academic services

Take the High Road Program

If you find yourself in a situation where you are unable to safely drive your car home, remember Take the High Road. This service is available from the EAP. Calling a taxi service, Uber or Lyft is often the best thing to do in these situations.

This benefit is free and confidential to you and all members of your household. This service is available once per year with a maximum reimbursement of \$45.00 (excludes tips). To receive reimbursement, you will need to submit a receipt from the cab company and call the Deer Oaks Helpline for instructions on how to submit your receipt. It may take up to 45 days for reimbursement. Some restrictions may apply.

No one in the City will know you used the Take the High Road Program; it is completely confidential.

For more information, call Deer Oaks at [866-228-2542](tel:866-228-2542) or go to deeroakseap.com.

If your EAP counselor makes a referral for additional assistance, you are responsible for the cost. However, when making the referral, your counselor will consider your resources, including applicable medical coverage.

Employee Communications

The Human Resources Department publishes newsletters to educate and inform employees about human resources-related issues. It is important for employees to take time to review these publications to avoid missing important information.

- *The HR Update* is published monthly for employees.
- *The HR Advisor* is published periodically for supervisors and managers.
- *CitySource Today* is an online weekly newsletter published by the Communications and Public Information Office. It focuses on the people and projects that define the City of Austin workforce and provides valuable information about City benefits.

Tuition Reimbursement Program

The City encourages employees to improve their job skills and career potential. To help employees reach their individual goals, the City provides Tuition Reimbursement for employees who meet eligibility requirements. The Tuition Reimbursement Program supports technical and academic courses at accredited schools and institutions.

To obtain information about eligibility or to find out how to apply, call Organization Development of the Human Resources Department at [512-530-8201](tel:512-530-8201), email tuitionreimbursement@austintexas.gov, or go to [cityspace](http://cityspace.austintexas.gov) and click on **HR Forms**.

Service Incentive Pay

Service Incentive Pay is a benefit for non-Civil Service employees who have completed at least five years of continuous service with the City.

The formula for employees with **five** and **up to seven years** is: Completed years of uninterrupted service (up to seven years) x .0025 x hourly rate x scheduled work week x 52 weeks per year or \$500, whichever is less.

The formula for employees with **seven** and **up to 15 years** is: Completed years of uninterrupted service (up to 15 years) x .0025 x hourly rate x scheduled work week x 52 weeks per year or \$1,000, whichever is less.

The formula for employees with **15** or **more years** is: Completed years of uninterrupted service x .0025 x hourly rate x scheduled work week x 52 weeks per year or \$1,500, whichever is less.

When calculating your benefit, use your hourly rate, scheduled work week, and length of service as of the current year.

By law, this benefit is subject to withholding tax. Taxes are withheld according to your W-4 Form. The benefit payment is included in the first paycheck issued in December.

If there is a conflict between the City's Personnel Policies on Service Incentive Pay and the information provided in this section of the Guide, the Personnel Policies govern. For more information, call the Compensation Division at [512-974-3292](tel:512-974-3292).

Employee Discount Page – Beneplace

The City has teamed up with Beneplace, a local internet service offering discounts on hundreds of products and services. Some of the companies offering discounts through Beneplace are: Dell, Panasonic, Sears, Sony, Apple, AT&T, Costco, Walt Disney World, Travelers Insurance, and others. There are discounts on cruises, hotels, cell phones, rental cars, hearing aids, life insurance, and travel. Go to beneplace.com/coaustin.



Other Benefits

The City offers other benefits that employees may access, including:

- Bilingual Pay, if eligible. Call the Compensation Division at [512-974-3292](tel:512-974-3292).
- Tax Preparation Assistance, if eligible. Go to foundcom.org.
- Free Entry to City parks, including Deep Eddy and Barton Springs pools. The free entry does not include Zilker Botanical Gardens. Free parking permits for Zilker Park are available at the Human Resources and Parks Departments.

Childcare Program

The programs described below are offered to full-time, regular employees. For more information, call the Employee Benefits Division at [512-974-3284](tel:512-974-3284).

Income-Eligible Childcare Assistance

City employees with children under the age of 13 may be eligible for financial assistance of up to \$50 per week, per child for all-day, week-long care. Eligibility is based on family size and income. For example, a family of four with a gross income of less than \$72,698 a year qualifies for assistance. Other requirements: Single parents must have child support orders in place. In a two-parent home, both parents must work at least 30 hours a week. Applications for the program are accepted only during Open Enrollment, within 31 days of being hired, or for an eligible change of childcare status.

Family Size	Family Income
1	\$44,230
2	\$59,366
3	\$62,710
4	\$72,698
5	\$81,098
6	\$89,498

Youth Camp Scholarship

This program is available to **all** employees with children ages 5 through 12, regardless of household size or family income. The program provides scholarships worth up to \$50 a week at participating Parks and Recreation Department (PARD) Recreation Centers during spring and summer breaks. Employees must apply by the established deadlines each year in order to be placed on the PARD eligibility list. Applications are available online at CitySpace, at PARD facilities, and from your departmental Human Resources representative.

Childcare Referral

City employees can receive free assistance researching and locating potential childcare providers by contacting the Childcare Coordinator in the Employee Benefits Division at [512-974-3284](tel:512-974-3284).

Commuter Program

As part of the Clean Air Initiative, the City has an agreement with Capital Metro for the following benefits:

Bus and Rail Services

City employees can ride any Capital Metro bus or train for free using a transit pass. These passes are available from your department's HR representative. Employees must commit to riding the bus or train at least one day a week. Visit capmetro.org and use the online Trip Planner to learn the easiest and fastest way to commute.



Local Capital Metro bus equipped with racks for bicycling commuters.

RideShare Vanpools

City employees can also take advantage of Capital Metro's vanpool services. Call the Rideshare office at [512-477-RIDE \(7433\)](tel:512-477-RIDE) and get matched to a vanpool operating between your home and work location. Employees also have the option of forming their own vanpool.

MetroAccess – Paratransit Services

The MetroAccess program serves employees with disabilities by providing shared-ride, door-to-door public transportation service for free. For more information, call Capital Metro at [512-474-1200](tel:512-474-1200).

For more information on the Commuter Program, call the Employee Benefits Division at [512-974-3284](tel:512-974-3284).

Leave

The following information summarizes current leave policies. The benefits described do not imply a guarantee of employment or a continuation of the leave program. Leave policies are subject to change.

Refer to the City's Personnel Policies for more information. If there is a conflict between the information provided in this section of the Guide and the Personnel Policies, the Personnel Policies govern.

If you have any questions about leave, call the Human Resources Department at [512-974-3400](tel:512-974-3400).

Paid Leave

Paid leave benefits are available for a number of approved reasons.

Examples of paid leave benefits include:

- Personal holidays
- Official holidays
- Sick leave
- Personal (vacation) leave

The paid leave benefits described in this section apply to you if you are a full-time employee in a regular budgeted position. As a part-time employee, you earn leave benefits on a prorated basis.



Ana Gonzalez Environmental Scientist, Watershed Protection Department.

Personal Holidays

Upon completion of your six-month probationary period, you are eligible to take two personal holidays each year. If you do not use your personal holidays in the year earned, they cannot be carried over into the following year.

Official Holidays

City holidays for 2017 are listed below. You may be required to work on an official holiday. If you are scheduled to work, you will be compensated for the holiday according to Personnel Policies.

Holiday	Date Observed
New Years Day	January 2
Martin Luther King Day	January 16
Presidents Day	February 20
Memorial Day	May 29
Independence Day	July 4
Labor Day	September 4
Veterans Day	November 10
Thanksgiving Day	November 23
Thanksgiving Friday	November 24
Christmas Eve	December 25
Christmas Day	December 26

Sick Leave

You earn four hours of sick leave per pay period, based on 24 pay periods annually, as a full-time, regular employee working 40 hours per week. If you are scheduled to work other than a 40-hour work week, you accrue sick leave at a different rate. Civil service employees also accrue sick leave at a different rate.

Sick leave must be earned before it can be used. If you do not use your sick leave, you may carry unused hours forward into the next year. Sick leave may be accrued on an unlimited basis. If you are on sick leave for five work days or more due to your own health condition, a return to work release form must be completed by your health care provider and given to your supervisor before you will be allowed to return to work.

Personal (Vacation) Leave

You may use personal leave for any reason. The amount that you earn depends on how long you have worked continuously for the City and the number of hours you work each week, based on 24 pay periods annually.

The number of hours you earn per pay period as a full-time regular employee working 40 hours per week is listed in the chart to the right. If you are scheduled to work other than a 40-hour work week, you accrue personal leave at a different rate. Civil service employees also accrue personal leave at a different rate.

Years Worked	Hours You Earn
Less than 5	4.34
5 but less than 10	5.34
10 but less than 15	6.00
15 but less than 20	6.67
20 or more	7.67

You should keep in mind a few other things about personal leave:

- You may request personal leave at any time once you have completed your probationary period.
- If you become ill while you are on personal leave, you may request that your personal leave be temporarily stopped and your absence be charged to sick leave.
- The maximum amount of personal leave you may accrue is 400 hours.
- Payment of unused personal leave upon resignation or retirement is limited to 240 hours.
- You may use personal leave while on family or medical leave.

Family and Medical Leave (FMLA)

The Family Medical Leave Act (FMLA) entitles eligible employees to take unpaid, job-protected leave for specific qualifying family, medical, or military support needs with continuation of group health insurance coverage under the same terms and conditions as if the Employee had not taken leave. When requested and approved, appropriate paid and unpaid leave can be used and will count toward the family and medical leave entitlement.

You are eligible for unpaid, job-protected leave under the FMLA if you have been employed with the City for at least 12 months and worked 1,250 hours during the 12 months prior to the commencement of the leave. The 12 months of employment need not be consecutive. For employees who experience a break in service in fulfillment of the Uniformed Services Employment and Reemployment Rights Act (USERRA), the months employed and the hours that were actually worked for the City should be combined with the months and hours that would have been worked during the 12 months prior to the start of the leave requested, had it not been for the military leave.

Eligible employees are entitled to job-protected, unpaid leave in a calendar year, based on the Employee's normal workweek, for one or more of the following reasons:

- The birth of a son or daughter and to care for the newborn child.
- The placement with the employee of a son or daughter for adoption or foster care.
- To care for the employee's husband, wife, domestic partner, son, daughter, or parent with a serious health condition.
- A serious health condition that makes the employee unable to perform one or more functions of their job.

FMLA (Continued)

Family leave must be taken within 12 months after the birth of a child or the placement of a child for adoption or foster care. FMLA leave may be used before the actual placement or adoption if the absence is required for the placement or foster. Intermittent use of family leave requires approval from the Department Director.

An employee should notify the City at least 30 days prior to a planned medical treatment that requires FMLA leave. If advanced notification is not practical or the reason is unplanned, you must give notice within two business days. Your Department Director may require you to provide satisfactory proof of the proper use of medical leave. If satisfactory proof is not provided, your request for FMLA may be denied.

If you do not wish to continue any or all of your benefits while on family or medical leave, you must contact the Employee Benefits Division to complete a Benefits Enrollment Form to drop coverage. If you choose to continue benefits and fail to return from FMLA leave, you may be required to reimburse the City for the City's portion of the benefits premiums paid on your or your dependent's behalf during the unpaid leave.

Parental Leave

Employees in a regularly budgeted position who qualify for FMLA may receive up to 240 hours of paid leave (prorated based on budgeted workweek) for the birth and care of a child, or placement of a child for adoption or foster care during the FMLA period. Documentation for birth, adoption, or foster care must be provided to the FMLA Coordinator before an employee can code the time on the timesheet. Temporary employees and employees who are subject to collective bargaining or meet and confer agreements are not eligible.

Hours Awarded for Parental Leave or Leave Bank	
Budgeted Work Week	Paid Leave Hours
40	240
30 - 39	180
20 - 29	120
Less than 20	60

Leave Bank

The Leave Bank is available for employees who qualify for FMLA and who do not have enough accrued leave to get them through an illness, accident or unexpected FMLA event. Through a donation of accrued sick or vacation, you can become a member of the Leave Bank and can apply for hours based on your budgeted workweek. Membership in the Leave Bank is annual and must be renewed each year during the Benefits Open Enrollment period. There is no limit to the number of hours you can donate to become a member during the enrollment period. A non-member who seeks leave from the Leave Bank, due to an unforeseen FMLA qualifying event, may enroll to become a member at any time. Temporary employees and employees who are subject to collective bargaining or meet and confer agreements are not eligible.

Employees on Leave of Absence

As a City employee, you may be granted a leave of absence under certain circumstances. All requests for leave of absence must be approved by your Department Director, and requests for leave of more than 30 days must be approved by the City Manager. The maximum total time for which a leave of absence may be granted is one year.

If you are on leave for five or more consecutive work days due to your own health condition, a return to work release form must be completed by your health care provider and given to your supervisor before you will be allowed to return to work. If you are participating in the Deferred Compensation loan program and you are on an unpaid leave of absence, automatic deductions are not possible. You must contact the Deferred Compensation office to prevent default on your loan.

While you are on a leave of absence, if you do not wish to continue any or all of your benefits for yourself or your dependents, you must contact the Employee Benefits Division and schedule an appointment to complete a Benefits Enrollment Form to drop coverage. Once you return from leave you must make an appointment to reinstate benefits dropped during a leave of absence. If you choose to continue benefits and fail to return from family or medical leave, you may be required to reimburse the City for the City's portion of the benefits premiums paid on your or your dependent's behalf during the unpaid leave.

If you choose to continue your benefits, you will be responsible for the full cost of premiums, including the City's contribution. If you are on an unpaid leave of absence, automatic deductions are not possible. To make arrangements to pay your benefits premiums, contact the Employee Benefits Division at [512-974-3284](tel:512-974-3284).

Military Family Leave

Military Caregiver Leave (also known as Covered Service Member Leave)

Eligible employees who are family members of covered service members can take up to 26 work weeks of leave in a “single 12-month period” to care for a covered service member with a serious illness or injury incurred in the line of duty while on active duty. This 26-work-week entitlement is a special provision that extends FMLA job-protected leave beyond the normal 12 weeks of FMLA leave.

Qualifying Exigency Leave

This leave helps families of members of the National Guard, Reserve, and active duty soldiers manage their affairs while the member is on active duty in support of a contingency operation.

Veterans Services Office – Five Star Employer

The City of Austin is a Five Star Employer, with a Veterans Services Office. This office supports veterans as well as National Guard and Reservists who work for the City. This office also provides assistance to families of military service members, especially during deployments.

The City’s program has three key areas:

- **Veterans Program Manager** – The City provides training to departments about their responsibilities under USERRA, the Uniformed Services Employment and Reemployment Rights Act. This Federal legislation addresses a wide range of issues such as hiring, leave, and benefits.
- **Ombudsman Services** – The program offers mediation services as a link between the employee, the employee’s family, and the department. The confidential services include listening to concerns and complaints, evaluating options, and offering solutions. The program strives to help all service members receive fair and equitable treatment from City, State, and Federal entities.
- **Partnerships with Other Groups** – The City’s Veterans Services Office partners with a variety of organizations in the community.



Officer David Mozley, Austin Police Department, pictured while serving in the United States Army.

City benefits also include the following:

- 15 days of paid military leave per fiscal year.
- Military Pay Supplement Program.
- Veteran’s preference in the City hiring process.
- Service credit toward City retirement for military service.
- Continuation of benefits through Family and Medical Leave (FMLA).

For more information, contact the Veterans Program Manager and Military Ombudsman at [512-974-3459](tel:512-974-3459).

Workers' Compensation

Workers' Compensation is a program for managing medical treatment and loss of wages if you are injured on-the-job. The City provides this coverage for compensable injuries and illnesses according to State law. Workers' Compensation benefits are provided to you at no cost.

If you are injured on-the-job, you may be eligible for payment of:

- All reasonable and necessary medical treatment.
- 70 percent or 75 percent of your average weekly wage, depending on your hourly rate.

If you are injured on-the-job, the Departmental Workers' Compensation Representative (DWCR) in your department who is assigned to your case can answer questions about your Workers' Compensation benefits. If you are injured on-the-job, report your claim immediately to your supervisor. Ask your doctor to complete and sign the proper work status form and return it to your DWCR.

For more information, call Risk Management in Human Resources at [512-974-3400](tel:512-974-3400) or your DWCR.

Direct Deposit

If you are currently receiving a printed paycheck, you should consider switching to direct deposit. The City of Austin wires the money to your account on the scheduled pay day.

It's safe, quick, and easy. All you have to do is complete a City of Austin Direct Deposit Authorization Agreement on the Financial Services Department webpage. Go to payroll.austintexas.gov.

Velocity Credit Union

As an employee of the City, you are eligible for membership with Velocity Credit Union. Once you join Velocity, anyone in your family is eligible to join. Some of the services available to credit union members include:

- Totally Free Checking.
- Free app with mobile deposit.
- Debit and ATM cards.
- Credit cards (low fixed rates, rewards option, no annual fee).
- Velocity Loans for just about anything.
- More than 300 free ATMs in Austin and the surrounding area.
- Youth Club accounts.
- Safe deposit boxes.
- Investment options (certificates, IRAs, money market, etc.).
- Free online banking, bill pay, and eStatements.
- Payroll deductions for savings and loan payments.
- Financial planning.

For more information, go to velocitycu.com.



Rosemary Hatch and Staryn Wagner, Environmental Scientist Associate, with the Watershed Protection Department conduct flow process testing.

Employee Retirement Systems

The City values you as an employee. As part of your compensation, the City provides retirement benefits. Over the years, the City has made a significant investment in providing retirement benefits to employees, so it is important that you understand how your retirement benefits work.

Several programs are available to help you prepare for your retirement. These programs include mandatory participation in one of three separate retirement systems, an optional Deferred Compensation Program, and City contributions to Social Security on your behalf.

Employees are eligible for retirement when they meet one of the following age and service requirements. For more information about your defined benefit retirement plan, contact your retirement system.

City of Austin

Employees' Retirement System (COAERS)

Call 512-458-2551, or go to coaers.org.

Group A (Tier 1)

- 23 years of creditable service at any age
- 20 years of creditable service at age 55
- Any number of years creditable service at age 62

Group B (Tier 2 – *Employees hired on or after January 1, 2012*)

Normal Retirement

- 30 years creditable service at age 62
- 5 years of creditable service at age 65

Early Retirement

- 10 years of creditable service at age 55
- Reduced annuity

Austin Fire Fighters Relief and Retirement Fund (AFRS)

Call 512-454-9567, or go to afrs.org.

Normal Retirement

- Age 50 or 25 years of service

Early Retirement

- 10 years of service at age 45
- 20 years of service at any age

City of Austin

Police Retirement System (PRS)

Call 512-416-7672, or go to ausprs.org.

Normal Retirement

- 23 years creditable service at any age (excluding prior military service)
- 20 years creditable service at age 55 (excluding prior military service)
- Any number of years creditable service at age 62

Early Retirement

- None

Deferred Compensation Plan (457 Plan)

The Deferred Compensation Plan is a retirement savings plan that allows eligible employees to supplement retirement/pension benefits by saving and investing before- or after-tax dollars through voluntary salary deferral. Empower Retirement is the plan administrator.

You may enroll in the Deferred Compensation Plan or make changes in your deferrals any time during the year. You may also choose from a diverse array of investment options. If you contribute pre-tax dollars, your account is tax deferred until you withdraw money, usually at retirement. However, you may also contribute post-tax dollars (pay income tax at the time your contributions are made) and your account is tax-free (subject to qualifying conditions) when you withdraw your money. To review and manage your account, call 866-613-6189, or go to dcaustin.com.

Social Security

Social Security pays benefits once you meet certain eligibility requirements when you retire, become disabled, or die. Social Security taxes are paid by you and the City. At the current time, this amount is 6.2 percent for Old Age, Survivors and Disability Insurance (OASDI) and 1.45 percent for Medicare Tax. However, these amounts are subject to any changes made by the United States Congress.

Contributions by firefighters to Social Security may vary, and in some cases, may not be made at all. If you are a firefighter, contact the Austin Fire Fighters Relief and Retirement Fund for more information about your Social Security benefits.

Questions about Social Security benefits may be directed to the Social Security Administration at 800-772-1213, or go to socialsecurity.gov.

Important Benefits Information

- Summary of Benefits and Coverage and Uniform Glossary of Terms
- ADA Compliance
- Governing Plan
- HIPAA
- Women's Health and Cancer Rights Act
- Patient Protection and Affordable Care Act
- COBRA
- Continuation of Coverage for Domestic Partners
- USERRA Continuation of Coverage
- Surviving Dependent Coverage
- Surviving Family/Work-Related Coverage
- Your Prescription Drug Coverage and Medicare
- Health Insurance Marketplace

Summary of Benefits and Coverage (SBC) and Uniform Glossary of Terms

Under the law, insurance companies and group health plans must provide consumers with a concise document detailing, in plain language, simple and consistent information about health plan benefits and coverage. This summary will help consumers better understand the coverage they have and allow them to easily compare different coverage options. It summarizes the key features of the plan and coverage limitations and exceptions. For a copy of the SBC of the City's medical plans, go to austintexas.gov/benefits, or call 512-974-3284.

Under the Patient Protection and Affordable Care Act (Health Reform), consumers will also have a resource to help them understand some of the most common but confusing jargon used in health insurance. Employees can access the *Glossary of Health Coverage and Medical Terms* at austintexas.gov/benefits, or call 512-974-3284 for a copy.

ADA Compliance

The City is committed to complying with the Americans with Disabilities Act (ADA). Reasonable accommodation, including equal access to communications, will be provided upon request. For more information, call the Human Resources Department at 512-974-3284, use the Relay Texas TTY number 800-735-2989 for assistance, or visit the website at austintexas.gov/ada.

Governing Plan

Your rights are governed by each plan instrument (which may be a plan document, evidence of coverage, certificate of coverage or contract), and not by the information in this Guide. If there is a conflict between the provisions of the plan you selected and this Guide, the terms of the plan govern. City of Austin employees have access to benefits approved by the City Council each year as part of the budget process. The benefits and services offered by the City may be changed or terminated at any time. These benefits are not a guarantee of your employment with the City.

The Health Insurance Portability & Accountability Act of 1996 (HIPAA)

This act imposes the following restrictions on group health plans:

Limitations on pre-existing exclusion periods. Pre-existing conditions can only apply to conditions for which medical advice, diagnosis, care, or treatment was recommended or received during a period beginning six months prior to an individual's enrollment date, and any pre-existing condition exclusion is not permitted to extend for more than 12 months after the enrollment date. Further, a pre-existing condition exclusion period may be reduced by any creditable previous coverage the individual may have had.

Special enrollment. Group health plans must allow certain individuals to enroll upon the occurrence of certain events, including new dependents and loss of other coverage. Loss of coverage includes:

- Termination of employer contributions toward other coverage.
- Moving out of an HMO service area.
- Ceasing to be a "dependent," as defined by the other plan.
- Loss of coverage to a class of similarly situated individuals under the other plan (i.e., part-time employees).

Additionally, individuals entitled to special enrollment must be allowed to enroll in all available benefit package options and to switch to another option if he or she has a spouse or dependent with special enrollment rights.

Prohibitions against discriminating against individual participants and beneficiaries based on health status: Plans may not establish rules for eligibility of any individual to enroll under the terms of the plan based on certain health status-related factors, including health status, medical condition, claims experience, receipt of health care, medical history, genetic information, evidence of insurability, or disability.

Standards relating to benefits for mothers and newborns: Plans must provide for a 48-hour minimum stay for vaginal childbirth, and a 96-hour minimum stay for cesarean childbirth, unless the mother or medical provider shortens this period. No inducements or penalties can be used with the mother or medical provider to circumvent these rules.

Parity in the application of certain limits to mental health benefits: Plans must apply the same annual and lifetime limits (i.e., dollar amounts) that apply to other medical benefits to benefits for mental health. If this requirement results in a 1 percent or more increase in plan costs or premiums, this rule does not apply.

City of Austin Policy on HIPAA

HIPAA gives the City, as the plan sponsor of a non-federal governmental plan, the right to exempt the plan in whole or in part from the requirements described above. The City has decided to formally implement all of these requirements. The effect of this decision as it applies to each of the above requirements is as follows:

- The Plan does not currently have a pre-existing condition limitation and is in compliance.
- The Plan will provide special enrollment periods.
- The Plan will comply with the non-discrimination rules.
- The Plan will comply with the standards for benefits for mothers and newborn children.
- The Plan will comply with the rules on mental health benefits.

The HIPAA Privacy Rules for Health Information were established to provide comprehensive federal protection concerning the privacy of health information. The Privacy Rules generally require the City to take reasonable steps to limit the use, disclosure, and requests for Protected Health Information to the minimum necessary to accomplish the intended purpose. The City is committed to implementing the Privacy Rules.

The Women's Health and Cancer Rights Act of 1998 was enacted on October 21, 1998. It provides certain protections for breast cancer patients who elect breast reconstruction in connection with a mastectomy. Specifically, the act requires that health plans cover post-mastectomy reconstructive breast surgery if they provide medical and surgical coverage for mastectomies. Coverage must be provided for:

- Reconstruction of the breast on which the mastectomy has been performed.
- Surgery and reconstruction of the other breast to produce a symmetrical appearance.
- Prostheses and physical complications of all stages of mastectomy, including lymph edemas.
- Secondary consultation, whether such consultation is based on a positive or negative initial diagnosis.

The benefits required under the **Women's Health and Cancer Rights Act of 1998** must be provided in a manner determined in consultation with the attending physician and the patient. These benefits are subject to the health plan's regular copays and deductibles.

Patient Protection and Affordable Care Act

As part of the Patient Protection and Affordable Care Act (Health Reform) effective January 2020, medical plans which exceed a threshold level established by the federal government will have to pay a 40 percent excise tax. The City of Austin is committed to designing a medical plan that is below the threshold level. However, if the threshold is reached, the cost of the excise tax will be passed on to employees and retirees.

COBRA

The Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA), as amended, is a federal law that requires employers to offer qualified beneficiaries the opportunity to continue medical coverage, vision coverage, dental coverage, or participation in the FLEXTRA Health Care Account at their own cost in the case of certain qualifying events. Continuation of your life insurance, short term disability, long term disability, FLEXTRA Dependent Care Account, and group legal plan is not available under COBRA.

COBRA Notice Requirements. Each employee or qualified beneficiary is required to notify the Employee Benefits Division of the Human Resources Department within 60 days of a divorce, legal separation, a child no longer meeting the definition of dependent, or entitlement to Medicare benefits. Erisa, the City's COBRA administrator, will then notify all qualified beneficiaries of their rights to enroll in COBRA coverage. Notice to a qualified beneficiary who is the spouse or former spouse of the covered employee is considered proper notification to all other qualified beneficiaries residing with the spouse or former spouse at the time the notification is made.

Continuation of Coverage for Domestic Partners

The City offers covered individuals the opportunity to continue medical coverage, vision coverage, and dental coverage at their own cost in the case of certain qualifying events. Continuation of life insurance is not available under Continuation of Coverage for Domestic Partners.

Each employee or covered individual is required to notify the Employee Benefits Division of the Human Resources Department within 31 days of dissolution of the Domestic Partnership, a child no longer meeting the definition of dependent, or entitlement to Medicare benefits. Erisa, the City's administrator, will then notify all covered individuals of their rights to enroll in Continuation of Coverage for Domestic Partners coverage. Notice to a covered individual who is the Domestic Partner or former Domestic Partner of the covered employee is considered proper notification to all other covered individuals residing with the Domestic Partner or former Domestic Partner at the time the notification is made.

USERRA Continuation of Coverage

The Uniformed Services Employment and Reemployment Rights Act (USERRA) provides that if you are required to be absent from work for a period of time due to voluntary or involuntary military service or training, you have certain reemployment and medical benefits continuation rights during your absence. You and your family members have the opportunity to continue your benefits from the date coverage otherwise would end, provided you pay the premium. However, for absences of less than 31 days, you may continue benefits while paying only your usual share of the cost. When you return to work, no exclusions or waiting periods will apply.

Surviving Dependent Coverage

Your dependent may be eligible for Surviving Dependent medical, dental, and vision coverage only if you meet one of the following requirements and your dependent completes a Surviving Dependent Benefits Enrollment Form within 31 days from the date of your death:

- You are a City retiree under the City of Austin Employees' Retirement System, Austin Fire Fighters Relief and Retirement Fund, or City of Austin Police Retirement System.
- You are an active City employee who is eligible to retire with the City but chose to continue to work for the City.
- You are a City retiree who has returned to active employment with the City.

If eligible, your dependent will be able to continue his or her coverage through the City after your death, provided your dependent was enrolled in a City-sponsored plan at the time of your death. The coverage offered is the same coverage offered to City retirees.

Surviving Family/Work-Related Coverage

If you are killed in the line of duty (your accident must be considered compensable under the City's Workers' Compensation program) while working for the City, your dependents who are enrolled in a City-sponsored medical, dental, or vision plan at the time of your death are allowed to continue their coverage, if they complete a Surviving Family Benefits Enrollment Form and pay the premium within 90 days from the date of your death. The City will continue to subsidize the premium.

Surviving Family/Work-Related Coverage is not available to active employees who are also City retirees who have returned to work for the City and have declined active employee benefits. The City will notify your surviving dependents of their eligibility for Surviving Family/Work-Related Coverage.

For more information or to receive a Surviving Family/Work-Related Benefits Guide, contact the Employee Benefits Division at [512-974-3284](tel:512-974-3284).

Your Prescription Drug Coverage and Medicare

Beneficiary Creditable Coverage Disclosure Notice

This notice has information about your current prescription drug coverage with the City of Austin and about your options under Medicare's prescription drug coverage. This information can help you decide whether or not you want to join a Medicare drug plan. If you are considering joining a Medicare drug plan, you should compare your current coverage, including which drugs are covered at what cost, with the coverage and costs of the plans offering Medicare prescription drug coverage in this area. There are two important things you need to know about your current coverage and Medicare's prescription drug coverage:

1. On January 1, 2006, new prescription drug coverage became available to individuals with Medicare Part A. This coverage is available through Medicare prescription drug plans, also referred to as Medicare Part D. All such plans provide a standard, minimum level of coverage established by Medicare. Some plans may also offer more coverage for a higher monthly premium.
2. The City of Austin has determined that prescription drug coverage offered through City health plans is, on average for all plan participants, expected to pay out as much as standard Medicare prescription drug coverage pays and is therefore considered Creditable Coverage. Because your existing coverage is Creditable Coverage, you can keep this coverage and not pay a higher premium (a penalty) if you later decide to join a Medicare drug plan.

Other Important Considerations

- If you currently have prescription drug coverage through a City health plan, you may choose to enroll in Medicare Part D annually between October 15 and December 7, or when you first become eligible for Medicare Part D.
- If you decide to join a Medicare drug plan, your current City of Austin medical coverage will not be affected.
- If you do decide to join a Medicare drug plan and drop your current City of Austin coverage for your dependents, you may be able to get this coverage back during an Open Enrollment period.
- You should also know that if you drop or lose your current coverage with the City of Austin and don't join a Medicare drug plan within 63 continuous days after your current coverage ends, you may pay a higher premium (a penalty) to join a Medicare drug plan later. If you go 63 continuous days or longer without creditable prescription drug coverage, your monthly premium may go up by at least one percent of the Medicare base beneficiary premium per month for every month that you did not have that coverage. For example, if you go 19 months without Creditable Coverage, your premium may consistently be at least 19 percent higher than the Medicare base beneficiary premium.
- You may have to pay this higher premium (a penalty) as long as you have Medicare prescription drug coverage. In addition, you may have to wait until the following October to join.
- If you are enrolled in Medicare Part D or a Medicare Advantage Plan and are also enrolled in the City health plan, you may have duplicate prescription coverage. If you would like to review your coverage or for more information, contact the Employee Benefits Division of the Human Resources Department at [512-974-3284](tel:512-974-3284).

More information about Medicare Part D prescription drug coverage

More detailed information about Medicare plans that offer prescription drug coverage is in the *Medicare & You* handbook. You'll get a copy of the handbook in the mail every year from Medicare. You may also be contacted directly by Medicare drug plans. You can also:

- Visit [medicare.gov](https://www.medicare.gov) for personalized help.
- Call the **Health and Human Services Commission of Texas** toll free at [888-834-7406](tel:888-834-7406), local number [800-252-9330](tel:800-252-9330).
- Call [800-MEDICARE \(800-633-4227\)](tel:800-MEDICARE).
- TTY users should call [877-486-2048](tel:877-486-2048).

Financial assistance may be available for individuals with limited income and resources through the **Social Security Administration (SSA)**. For more information, visit the SSA website at [socialsecurity.gov](https://www.socialsecurity.gov) or call [800-772-1213](tel:800-772-1213).

TTY users should call [800-325-0778](tel:800-325-0778).

The New Health Insurance Marketplace, Coverage Options and your City Health Coverage

PART A: General Information

The Health Insurance Marketplace is a new way to purchase health insurance in the United States. As you evaluate health insurance options for you and your family, this notice provides some basic information about the new Marketplace and employment based health coverage offered by your employer, the City of Austin.

What is the Health Insurance Marketplace?

The Marketplace is designed to help you find health insurance that meets your needs and fits your budget. The Marketplace offers “one-stop shopping” to find and compare private health insurance options. You may also be eligible for a new kind of tax credit that lowers your monthly premium right away. Open enrollment for health insurance coverage through the Marketplace begins in October for coverage starting as early as January 1.

Can I Save Money on my Health Insurance Premiums in the Marketplace?

No. Regular full-time employees will not experience savings because the City pays the entire premium for the CDHP and the majority of the PPO and HMO premium. Part-time employees may realize savings by going to the Marketplace.

Temporary employees with less than 12 months of service are not eligible for City-provided medical coverage. Temporary employees and their dependents can purchase health insurance through the Health Insurance Marketplace, designed to provide affordable health insurance.

Does Employer Health Coverage Affect Eligibility for Premium Savings through the Marketplace?

Yes. The City of Austin offers coverage that meets government standards. If you are in a regular budgeted position and work full-time, you will not be eligible for a tax credit at the Marketplace.

If you are in a regular budgeted position working part-time, and the premium you would pay for the City’s lowest cost medical plan (Employee Only) is more than 9.5 percent of your household income for the year, you may be eligible for a tax credit at the Marketplace. If you are a temporary employee, and therefore not eligible for medical coverage under a City medical plan, you are eligible for medical coverage through the Marketplace and may also qualify for a tax credit.

Note: If you purchase a health plan through the Marketplace instead of accepting health coverage offered by the City of Austin, then you may lose the City’s contribution (if any) to the employer-offered coverage. Also, the City’s contribution as well as your employee contribution to City offered coverage is usually excluded from income for federal and state income tax purposes. Your payments for coverage through the Marketplace are made on an after-tax basis.

How Can I Get More Information?

For more information about your coverage offered by the City of Austin, review this guide, or go to austintexas.gov/benefits for your summary plan description, or contact City of Austin at 512-974-3284.

The Marketplace can help you evaluate your coverage options, including your eligibility for coverage through the Marketplace and its cost. Please visit healthcare.gov for more information, including an online application for health insurance coverage and contact information for a Health Insurance Marketplace in your area.

PART B: Information About Health Coverage Offered by the City

This section contains information about health coverage offered by the City of Austin. If you decide to complete an application for coverage in the Marketplace, you will be asked to provide this information. This information is numbered to correspond to the Marketplace application.

3. Employer name: City of Austin		4. Employer Identification Number: 74-6000085
5. Employer address: P.O. Box 1088		6. Employer phone number: 512-974-3284
7. City: Austin	8. State: Texas	9. ZIP code: 78767
10. Who can we contact about employee health coverage at this job? Human Resources Department, Employee Benefits Division		
11. Phone number: 512-974-3284		12. Email address: HRD.Benefits@austintexas.gov

Basic Health Care Coverage Information

As your employer, the City of Austin offers a health plan to all employees in regular budgeted positions and to temporary employees with more than 12 months of continuous service.

The City of Austin offers dependent coverage to eligible dependents. Eligible dependents (spouse, domestic partner, children, dependent grandchildren) are detailed in this guide.

The City's coverage meets the minimum value standard, and the cost of this coverage to you is intended to be affordable, based on employee wages.

Note: Even though the City of Austin offers affordable coverage, you may still be eligible for a premium discount through the Marketplace. The Marketplace will use your household income, along with other factors, to determine whether you may be eligible for a premium discount. If you are an hourly employee, or have previously been unemployed, you may still qualify for a premium discount.

If you decide to shop for coverage in the Marketplace, healthcare.gov will guide you through the process.

2017 Benefits Enrollment Guide



For Retirees and Surviving Dependents

*Medical
Vision
Dental
Life Insurance
Wellness*

Important Information for Retirees and Surviving Dependents



City of Austin retirees and surviving dependents of City retirees have access to benefits approved by the City Council each year as part of the budget process. The benefits and services offered by the City may be changed or terminated at any time.

This Guide is designed to help you understand your benefits. Review this material carefully before making your enrollment decisions. Keep this Guide to refer to during the 2017 Plan Year.

Your rights are governed by each plan instrument, which may be a Summary Plan Description (SPD), evidence of coverage, or contract, and not by the information in this Guide. If there is a conflict between the provisions of the plan you selected and this Guide, the terms of the plan govern. For detailed information about the plans, refer to each plan instrument or contact the vendor directly.

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The City of Austin is committed to compliance with the Americans with Disabilities Act. Call the Human Resources Department at **512-974-3400** (voice) or **800-735-2985** (Relay Texas TTY number) for more information.

Contact Information

City of Austin Human Resources Department Employee Benefits Division

Benefits staff are available to answer questions you have about your benefits.

Phone Number: 512-974-3284
Email: HRD.Benefits@austintexas.gov
Fax Number: 512-974-3420

We recommend making an appointment before visiting our office.

Office Hours: 7:30 a.m. to 5:00 p.m.
Office Location: 505 Barton Springs Road, Suite 600

Online Resources

To access benefits information, go to austintexas.gov/retirees.

You can also view eligibility requirements, plan choices, print the City's retiree benefits guide, and find information about the City's other benefits.

Scan the QR code below for easy access to the Retiree Benefits webpage.



UnitedHealthcare Medical Plans

CDHP/PPO Phone Number: 888-331-3408
HMO Phone Number: 888-383-0132
NurseLine Services 24/7: 877-365-7949
Vision Phone Number: 800-638-3120
Vision Providers: myuhcvision.com
Mental Health Providers: liveandworkwell.com
Prescription Information: myuhc.com

To find a medical provider, go to myuhc.com.

1. Click the ***Find Physician, Laboratory, or Facility*** link.
2. Click ***All UnitedHealthcare Plans***.
3. Select ***NexusACO OAP*** for the CDHP w/HRA and PPO. Select ***NexusACO R*** for the HMO.

To view the prescription formulary, Explanation of Benefits, and print a temporary ID card, go to myuhc.com. To register, follow these steps:

1. Click the ***Register Now*** button.
2. Enter information from your ID card. If you don't have your ID card, select the ***Click Here*** link and you can enter your Social Security Number and date of birth.
3. Click the ***Next Step*** button.
4. Enter email address or sign up for a free email account.
5. Create a username, password, answer security questions, and agree to website policies.
6. Click the ***Submit*** button.

Contact each benefits vendor directly for identification cards, claims, benefits, and coverage information.

Davis Vision Vision Plan

Toll-Free Number: 888-445-2290

To view benefits, locate a provider, and check claim status, go to davisvision.com. To register, follow these steps:

1. Click the **Members** link.
2. Click the **Register** link.
3. Enter information from your ID card.
4. Create a username, password, and security question.
5. Click the **Register** button.

For non-members, click on the **Member** link and enter **2481** for the Client Code.

Delta Dental Plan

Toll-Free Number: 800-521-2651

Office Hours: 6:15 a.m. to 6:30 p.m.
Monday through Friday

Website: deltadentalins.com

To register, follow these steps:

1. Click the **Register Today** link.
2. From the drop down menu, select **Enrollee**.
3. Enter your personal information, and create your username and password.

Assurant Employee Benefits - Heritage Plus with Specialty Benefit Plan

Toll-Free Number: 800-443-2995

Office Hours: 7 a.m. to 5:30 p.m.
Sunday through Saturday

Website: assurantemployeebenefits.com

To register, follow these steps:

1. Click the **For Members** link.
2. Click the **Register for Online Advantage** link.
3. Enter your personal information and create your username and password.

City of Austin Employees' Retirement System (COAERS)

418 E. Highland Mall Blvd.
Austin, TX 78752-3720

Phone Number: 512-458-2551

Fax Number: 512-458-5650

Website: coaers.org

Austin Fire Fighters Relief and Retirement Fund (AFRS)

4101 Parkstone Heights Dr., Suite 270
Austin, TX 78746

Phone Number: 512-454-9567

Fax Number: 512-453-7197

Website: afrs.org

City of Austin Police Retirement System (PRS)

2520 South IH-35, Suite 205
Austin, TX 78704

Phone Number: 512-416-7672

Fax Number: 512-416-7138

Website: ausprs.org

Austin Deferred Compensation Plan 457 Plan (Empower Retirement)

Toll-Free Number: 866-613-6189

To enroll in, view, and manage your account, go to dcaustin.com.

1. To enroll, click the **Enroll Now Here!** link and follow the prompts.
2. To register, click the **Let's Get Started!** link and follow the prompts.

Eligibility

As a City retiree, you are eligible to enroll in medical, dental, and vision coverage. Retirees may also elect to enroll their eligible dependents. Below is a list of eligible dependents. Each of these individuals may or may not be your dependent for federal tax purposes. That determination depends on federal law.

Eligible Dependents

Your dependents who meet the descriptions listed below can be enrolled for benefits.

- **Spouse:** Your legally married spouse, including a common-law spouse.
- **Domestic Partner:** The individual who lives in the same household and shares the common resources of life in a close, personal, intimate relationship with a City retiree if, under Texas law, the individual would not be prevented from marrying the retiree on account of age, consanguinity, or prior undissolved marriage to another person. A domestic partner may be of the same or opposite gender as the retiree.
- **Children:** Your biological children, stepchildren, legally adopted children, children for whom you have obtained court-ordered guardianship or conservatorship, qualified children placed pending adoption, and children of your domestic partner if you also cover your domestic partner for the same benefit. Your children must be under 26 years of age.
- **Dependent Grandchildren:** Your unmarried grandchild must meet the requirements listed above, and must also qualify as a dependent (as defined by the Internal Revenue Service) on your or your spouse's federal income tax return.
- **Disabled Children:** To continue City coverage for an eligible dependent past the age limit, the child must be covered as a dependent at the time, unmarried, and must also meet the following definitions:
 - ❖ A disabled child must rely on you for more than 50 percent of support.
 - ❖ A child is considered disabled if they are incapable of earning a living at the time the child would otherwise cease to be a dependent and depend on you for principal support and maintenance, due to a mental or physical disability.
 - ❖ A disabled child continues to be considered an eligible dependent as long as the child remains incapacitated and dependent on you for principal support and maintenance, and you continuously maintain the child's coverage as a dependent under the plan from the time they otherwise would lose dependent status.
 - ❖ A dependent child who loses eligibility and later becomes disabled is not eligible for coverage. A disabled child who was not covered as a dependent immediately prior to the time the child would otherwise cease to be a dependent is not eligible for coverage.
 - ❖ A disabled child must be covered continuously on the medical and dental plans. If coverage is dropped, the disabled child will not be allowed to re-enroll.

Eligible surviving dependents of a City retiree may enroll in medical, dental, and vision coverage. Domestic partners and children of domestic partners are eligible for Continuation of Coverage of Domestic Partners only.

Persons Not Eligible

Dependents do not include:

- Individuals on active duty in any branch of military service (except to the extent and for the period required by law).
- Permanent residents of a country other than the United States.
- Parents, grandparents, or other ancestors.
- Grandchildren who do not meet the definition of dependent grandchildren and who are not claimed on your or your spouse's federal tax return.

An individual is not eligible to be covered:

- As both a City employee and a City retiree, for the same benefit.
- As both a City employee or City retiree and as a dependent of a City employee or City retiree, for the same benefit.
- As a dependent of more than one City employee or City retiree, for the same benefit.

Changes in Family:

When you add or drop a dependent during Open Enrollment, the change is effective January 1, 2017. For changes to be effective immediately, call the Employee Benefits Division at [512-974-3284](tel:512-974-3284) within 31 days of the status change to schedule an appointment with a Benefits representative.



Willie Nelson statue on W. 2nd Street.

Documentation

To provide coverage for a dependent under any of the City's benefits programs, you must provide documentation that supports your relationship to the dependent. Social Security Numbers must be submitted for all eligible dependents.



City of Austin skyline view from Ladybird Lake.

Acceptable documents are listed below for the following dependents:

- **Spouse:** A marriage certificate which has been recorded as provided by law.
- **Domestic Partner:** A Domestic Partnership Affidavit and Agreement form signed by the retiree and domestic partner. Also a Domestic Partnership Tax Dependent Status Form signed by the retiree.
- **Child:** A certified birth certificate, complimentary hospital birth certificate, Verification of Birth Facts issued by the hospital, or court order establishing legal adoption, guardianship, or conservatorship, or qualified medical child support order or the subject of an Administrative Writ.
- **Child of a Domestic Partner:** The documentation listed above must also be provided and the domestic partner must be covered for the same benefit in order to cover a child of a domestic partner.
- **Stepchild:** The documentation listed above must also be provided and a marriage certificate or declaration of informal marriage indicating the marriage of the child's parent and stepparent.
- **Dependent Grandchild:** The documentation listed above must also be provided and a marriage certificate or declaration of informal marriage that supports the relationship between you and your grandchild.
- **Disabled Child:** A completed Dependent Eligibility Questionnaire verifying an ongoing total disability, including written documentation from a physician verifying an ongoing total disability.
- **Qualified Child Pending Adoption:** For children already placed in your home, an agreement executed between you and a licensed child-placing agency or TDFPS, which meets the requirements listed in Dependent Eligibility.

Covering dependents who are not eligible for the City's insurance programs unfairly raises costs for the City, as well as for all participants in the programs.

Coverage Information

Enrollment Changes for Retirees

Certain events in your and your family's lives may occur during the year that may affect your medical, dental, and vision coverage. Examples of a family status change are:

- Marriage or divorce.
- A dependent's death.
- Termination of employment or reduction in work hours.
- Newly eligible dependent.
- Loss of dependent eligibility.
- Domestic partner no longer qualifies or domestic partnership is dissolved.
- Medicare coverage becomes effective.

You may change coverage as long as you submit an enrollment form within 31 days of the qualifying life event to the Employee Benefits Division. The change will be effective the first day of the month after your enrollment form is submitted.

In the case of a newborn dependent, medical coverage is temporarily effective on the date of birth for any eligible child born while you are a covered retiree. Coverage continues for the child for 31 days. Coverage extends beyond that date only if you submit an enrollment form within 31 days of the child's birth.

Retiree Coverage Ending Dates

Coverage for you and your dependents will end on the earliest of the following:

- The date you fail to pay any required premium.
- The date the City ceases to offer coverage to retirees.
- The date the plan in question is terminated.
- The date the coverage in question is terminated or reduced.
- The last day of the month in which you voluntarily terminate your or your dependent's coverage.
- The last day of the month in which you or your dependents no longer meet eligibility requirements.
- The date of your death.

Enrollment Changes for Surviving Dependents

As a surviving dependent, you are eligible for medical, dental, and vision benefits. If at any time you cancel all benefits, you cannot re-enroll in surviving dependent benefits.

You may request a change to your coverage only at the following times:

- During Open Enrollment.
- If you are enrolled in UnitedHealthcare HMO and move outside the plan's service area.
- If you are enrolled in Assurant Employee Benefits - Heritage Plus with Specialty Benefit Plan and move where there are no providers in your service area.
- Within 31 days of obtaining or losing other coverage.
- Medicare coverage becomes effective.

Surviving Dependent Coverage Ending Dates

Surviving dependent medical coverage will end on the last day of the month following any of these dates:

- The date you fail to pay any required premium.
- The date you remarry. (Only applies to retiree's surviving spouse).
- The date you are covered under another group plan, except for Medicare.
- The date the City ceases to offer coverage to surviving dependents.
- The date the plan in question is terminated.
- The date the coverage in question is terminated or reduced.
- The date you voluntarily terminate coverage.
- The date you no longer meet eligibility requirements.
- The date of your death.

Canceling Coverage

You may cancel medical coverage for yourself and your dependents, if applicable, at any time during the calendar year. However, you may not drop dental or vision coverage during the calendar year unless it corresponds with a change in family status.

Exception: If you are covered by Assurant Employee Benefits-Heritage Plus with Specialty Benefit Plan, and you move where there are no plan providers in your service area.

Medicare Eligibility Requirements

A retiree or a surviving spouse/domestic partner eligible for Medicare due to age must enroll in Medicare Parts A and B. When you or your covered spouse/domestic partner are enrolled in Medicare, Medicare is considered primary and will pay benefits before the City's sponsored medical plan you have selected considers payment for covered services. If the Medicare-eligible retiree or surviving spouse/domestic partner does not enroll in Medicare Parts A and B, benefits will be reduced to the amount that would have been payable had he or she enrolled in Medicare Parts A and B. For information about Medicare Part D, refer to "Your Prescription Drug Coverage and Medicare" under "Important Benefits Information in this Guide."

Coordination of Benefits

Coordination of Benefits is a group health insurance policy provision that provides a method for determining which coverage will apply (primary or secondary) when an individual is covered under more than one plan. It also keeps benefits paid from exceeding the amount of expenses incurred. In most cases, medical coverage offered through the City is considered primary for you while you are under age 65. If you or your dependents have other coverage, refer to the appropriate plan document for information about Coordination of Benefits.

Medical Plans



As a retiree, you may choose the medical plan that best meets your needs. Provider and prescription information along with a Cost Estimator tool is available online at myuhc.com. Select **NexusACO OAP** for the CDHP w/HRA and PPO. Select **NexusACO R** for the HMO.

Things to consider when choosing a medical plan:

- Premium costs for dependent coverage.
- Amount of copays.
- Amount of out-of-pocket expenses.
- Future expenses and the predictability of inpatient hospital expenses.
- Freedom to not designate a Primary Care Physician.
- Freedom to seek services from a Specialist without a referral.

For treatment before your ID card arrives

You will need to pay for the services out-of-pocket, then submit a claim form and your receipt to UnitedHealthcare. If you are enrolled in the CDHP w/HRA or PPO and utilize a non-network doctor or facility, the amount will be applied toward your out-of-network deductible. If you are enrolled in the HMO, you must use the Primary Care Physician you designated.

CDHP w/HRA

CDHP w/HRA is the Consumer Driven Health Plan with a Health Reimbursement Account. Like the PPO and HMO medical plans, the CDHP w/HRA is administered by UnitedHealthcare. The same network of doctors and facilities as those on the PPO and HMO plans are available. Despite these similarities, the plan works differently. Read on to see if the CDHP w/HRA plan is right for you.

Why the City is Offering the CDHP w/HRA

Research shows that many large employers offer some type of Consumer Driven Health Plan. The City is concerned with the rising costs of health care. The CDHP w/HRA features lower premiums when covering dependents, a Health Reimbursement Account, and higher out-of-pocket costs for non-preventive services, which enable you to be a wise consumer of health care. The City and UnitedHealthcare provide you with tools to make the cost of health care more transparent. This allows you to consider the cost of a provider or facility before making the decision of where to seek care.

Plan Features

- Retiree Only in-network deductible is \$1,500. For Retiree with Dependent coverage, the deductible is \$3,000.
- Retiree Only in-network, out-of-pocket maximum is \$5,000. For Retiree with Dependent coverage, the out-of-pocket maximum is \$6,850.
- Out-of-network coverage is available at higher deductibles, coinsurance and maximum out-of-pocket charges.
- The City will contribute money into your HRA account on an annual basis based on your years of service.

City annual contributions to the HRA

Years of Service	Retiree Only	Retiree & Dependent
Less than 5	\$100	\$ 200
5 through 9	\$200	\$ 400
10 through 14	\$300	\$ 600
15 through 19	\$400	\$ 800
20 or more	\$500	\$1,000

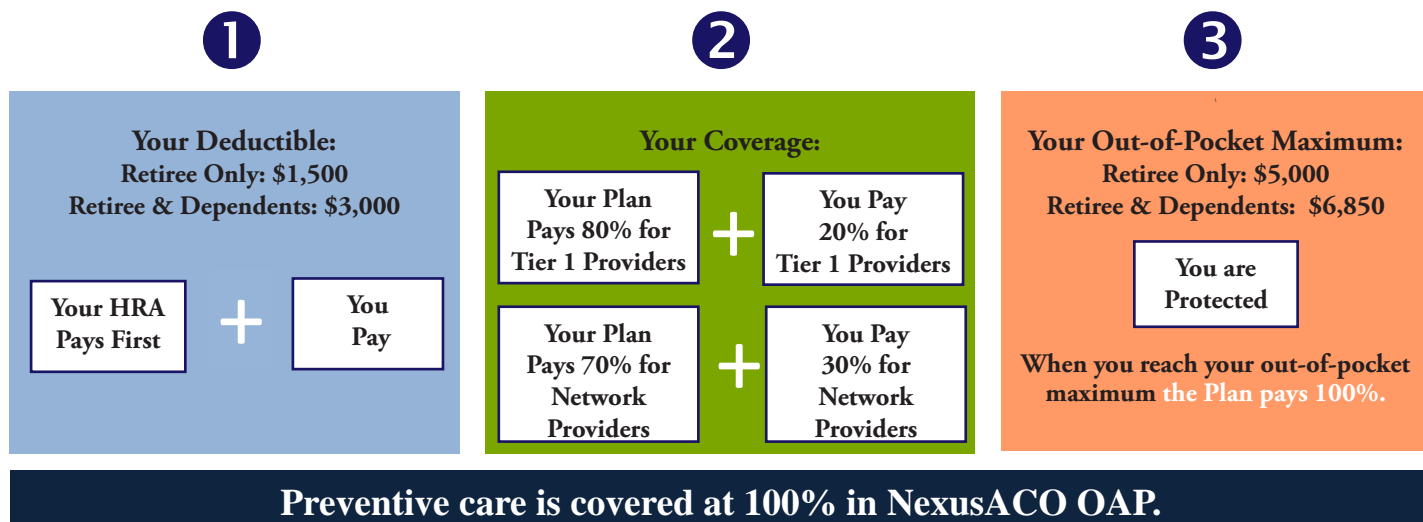
How the CDHP w/HRA Works

Before enrolling in the CDHP w/HRA, it is important to understand how the plan works. Here are a few things to know about this plan:

- Preventive services mandated by the Affordable Care Act continue to be covered at 100 percent.
- Except for preventive services, you must meet your calendar year deductible for medical services before the plan pays for any covered services.
- Once you meet your calendar year deductible, the plan will pay 80 percent of Tier 1 providers covered services and 70 percent for Network providers covered services.
- Once you meet your calendar year out-of-pocket maximum, the plan will pay 100 percent for all in network covered services and prescriptions.
- The CDHP w/HRA includes three prescription formularies:
 - ❖ Affordable Care Act – The plan pays 100 percent, no deductible.
 - ❖ Expanded Preventive Drug List – The plan will pay 80 percent, no deductible. The list of expanded preventive medications can be found on the Retiree Benefits web page at austintexas.gov/retirees.
 - ❖ 2017 Prescription Drug List – The plan will pay 80 percent after you meet your deductible.

The City funds a Health Reimbursement Account (HRA) for you. An HRA is an account that helps pay for eligible health care expenses, including those that may apply to your annual deductible.

Even though the City owns the money in the HRA, think of it as yours. By doing so, you'll realize that spending your HRA wisely can help you save. As long as you have money in your HRA, that's less you have to pay out of your pocket for health care expenses. HRA money does not rollover each year.



1. Your Deductible.

Your HRA pays first. When you have an eligible expense, like a doctor visit, the entire cost of the visit will apply to your deductible. The HRA will pay for all of your eligible expenses first, up to the amount contributed by the City. This means you won't have to pay anything until the money in the HRA is spent.

If you spend all of the HRA money, you will need to pay out of pocket. You will need to pay the full cost of your health care expenses until the remaining deductible is met.

2. Your Coverage.

Your plan pays a percentage of your expenses. Once the deductible is met, the CDHP w/HRA plan has coinsurance. With coinsurance, the plan shares the cost of expenses with you. The plan will pay 80 percent of each eligible expense and you pay 20 percent for Tier 1 Providers. The plan will pay 70 percent of eligible expenses and you pay 30 percent for Network Providers.

3. Your Out-of-Pocket Maximum.

You are protected from major expenses. The out-of-pocket maximum amount is the most you have to pay each year for covered services. The out-of-pocket maximum for the CDHP w/HRA plan is \$5,000 for Retiree Only coverage. For Retiree with Dependent coverage, the out-of-pocket maximum is \$6,850 for family. The plan will then pay 100 percent of all remaining covered expenses, including prescriptions, for the rest of the plan year. Your deductible and coinsurance will go toward your out-of-pocket maximums.

CDHP w/HRA Schedule of Benefits

Preventive services include annual physical, colonoscopy, mammogram, well woman exam, and well baby check. To find the CDHP Preventive Drug List go to austintexas.gov/retirees.

Medical Benefits	NexusACO		Out-of-Network
	Tier 1 Providers	Network Providers	
Deductible	\$1,500 - Retiree Only \$3,000 - Retiree & Dependents		\$3,000 - Retiree Only \$6,000 - Retiree & Dependents
Preventive Services	Plan pays 100%.		Plan pays 60% after deductible.
Eligible Covered Services & Facilities	Plan pays 80% after deductible.	Plan pays 70% after deductible.	Plan pays 60% after deductible.
Out-of-Pocket Calendar Year Maximum	\$5,000 - Retiree Only \$6,850 - Retiree & Dependents		\$10,000 - Retiree Only \$20,000 - Retiree & Dependents

Vision Benefits	NexusACO	Out-of-Network
Annual Routine Vision Exam	Plan pays 80% after deductible.	Plan pays 60% after deductible.
Annual Contact Lens Fitting Fee	Plan pays 80% after deductible.	Plan pays 60% after deductible.
Frames, Standard Lenses, and Contact Lenses	Preferred Pricing or discounts at participating private practices and retail chain providers.	Retail chain providers may offer a discount.

Prescription Benefits	Coverage
Affordable Care Act Mandated Prescriptions – found at austintexas.gov/benefits .	No deductible. Plan pays 100%.
Expanded Preventive Drug List – found at austintexas.gov/retirees .	No deductible. Plan pays 80%.
2017 Prescription Drug List – found at austintexas.gov/retirees .	Plan pays 80% after deductible.

PPO & HMO Schedule of Benefits

	PPO – NexusACO OAP		HMO – NexusACO R	
	Tier 1 Providers	Network Providers	Tier 1 Providers	Network Providers
Individual Deductible	\$500 per covered person.		None.	
Out-of-Pocket Maximum	\$4,000 per covered person.		\$4,500 per covered person.	
Provider Selection	Members may select Tier 1, Network, or Out-of-Network Providers.		Members must select Tier 1 or Network Providers. Referrals are required to receive services from a Specialist. No benefits coverage without a referral.	
Residency Requirements	None.		Must receive services in Bastrop, Blanco, Burnet, Caldwell, Hays, Travis, or Williamson counties. No benefits coverage outside of this area.	
Out-of-Network Benefits	\$1,500 deductible per covered person. Plan pays 60%, up to maximum allowable charge. Out-of-network benefits are subject to in-network benefit plan limits, pre-approval, and pre-notification requirements. Outpatient Surgery and Inpatient Admissions are subject to a \$250 per day facility fee.		None, except in case of a medical emergency.	



Austin State Capitol Building.

PPO & HMO Schedule of Benefits

	PPO – NexusACO OAP		HMO – NexusACO R	
	Tier 1 Providers	Network Providers	Tier 1 Providers	Network Providers
Preventive Exams	Plan pays 100%.		Plan pays 100%.	
Virtual Visit Copay	\$10		\$10	
Office Visit Copay	\$10	\$25	\$10	\$25
Primary Care	\$25	\$45	\$35	\$55
Specialist				
Convenience Care Clinics Copay	\$25		\$25	
Urgent Care Copay	\$35		\$45	
Emergency Room Copay	\$200		\$250	
Ambulance Services	Plan pays 80% after deductible.		\$200 copay	
Outpatient Surgery	Plan pays 80% after deductible.	Plan pays 70% after deductible.	\$750 copay.	\$1,000 copay.
Inpatient Admission	Plan pays 80% after deductible.	Plan pays 70% after deductible and \$250 copay.	\$1,500 copay	\$2,500 copay.
Allergy Services	Plan pays 100%.		Plan pays 50%.	
Immunizations	Plan pays 100%.		Plan pays 100%.	
	Office visit copays may apply.		Office visit copays may apply.	
Physical, Speech and Occupational Therapy				
Registered Dietitian	\$35		\$45	
Chiropractic Care Copay (20 visit limit)				
Acupuncture Copay (12 visit limit)	\$35		Not covered.	
CT, MRI, PET Scans Copay	\$100		\$150	
Mental Health Care Outpatient Copay	\$10		\$10	
Durable Medical Equipment	Plan pays 80% after deductible.		Plan pays 100%.	
Disposable Medical Supplies				
Prosthetic-Orthotic Devices	Plan pays 80% after deductible.		Plan pays 80%.	
Insulin Pumps and Related Supplies				
Other Covered Medical Expenses	Refer to your Medical Plan Document or contact UnitedHealthcare.			

PPO & HMO Vision Benefits

	Routine Vision Network	HMO/PPO In-Network
Routine Vision Exam Copay	\$25 for routine exam including contact lens fitting.	\$45/\$35
Contact Lens Fitting Fee	Amount charged is due at time of service. Submit a vision claim form for 100% reimbursement.	Included in annual routine vision exam copay.
Frames, Standard Lenses, and Contact Lenses	Preferred Pricing or discounts at participating private practices and retail chain providers.	Retail chain providers may offer a discount.

PPO & HMO Pharmacy Benefits

	PPO		HMO	
	Retail (31-day supply)	Mail Order (90-day supply)	Retail (31-day supply)	Mail Order (90-day supply)
Tier 1	\$10	\$20	\$10	\$30
Tier 2	\$30 or 20% of cost, \$60 maximum.	\$60 or 20% of cost, \$120 maximum.	\$35 or 20% of cost, \$70 maximum.	\$105 or 20% of cost, \$210 maximum.
Tier 3	\$50 or 20% of cost, \$100 maximum.	\$100 or 20% of cost, \$200 maximum.	\$55 or 20% of cost, \$110 maximum.	\$165 or 20% of cost, \$330 maximum.
A \$50 deductible will apply for Tier 2 & Tier 3 prescription drugs per covered person.				

Applies to the CDHP w/HSA, HMO, and PPO

Diabetic Supplies (see also Diabetic Equipment)	
Retail	Supplies are covered at a participating pharmacy.
Mail Order	A participant's insulin/non-insulin medication and related diabetic supplies can be purchased through mail order for the cost of the insulin/non-insulin if prescriptions for the insulin/non-insulin and supplies are submitted at the same time.

Diabetes Program/Drugs
A participant can receive Tier 1 diabetes medication and supplies for free if the participant is covered under a City sponsored medical plan, at least 18 years of age, and completes requirements of the HealthyConnections Diabetes Program.
This benefit does not include medications prescribed for related issues and durable medical equipment. Supplies for the continuous glucose monitors are covered if obtained through a retail pharmacy provider.

Tobacco Cessation Program/Drugs
A participant can receive FDA-approved tobacco-cessation drugs for free, if the participant is covered under a City sponsored medical plan, at least 18 years of age, and completes requirements of the HealthyConnections Tobacco Cessation Program. Must obtain a prescription for tobacco cessation drugs from your physician.
This applies to prescription tobacco cessation drugs and over-the-counter nicotine replacement therapy (patches, gums, etc.) at a retail pharmacy or through the mail order service.

How To Use Mail Order

The pharmacy benefit offers home delivery through mail order. In some instances, mail order can save you money. Generally, these programs are designed to cover drugs used to treat chronic conditions and medications taken for more than 31 days.

To begin using mail order:

- Have your doctor write a prescription for a 90-day supply of your medication (ask for three refills).
- Complete the mail order form and attach your prescription.
- Provide a check or credit card information.
- Mail this information to the medical plan's mail order pharmacy.

Within 7 to 14 days, your prescription will be delivered to you, postage paid.

- **CDHP w/HRA** participants will pay 20 percent of the cost once the in-network deductible is met. Your HRA will pay first. If you do not have money in your HRA, you will pay out-of-pocket. If you have not met your in-network deductible, you will pay 100 percent of the cost. If the prescription is for a preventive care medication listed on the Expanded Preventive Drug List, no deductible is required and you will only pay 20 percent of the cost.
- **PPO** participants receive 90 days of medication for *two* copays/coinsurance.
- **HMO** participants receive 90 days of medication for *three* copays/coinsurance.

If your doctor allows you to take a generic drug, this should be indicated on the prescription. Three weeks before your mail order supply runs out, you will need to request a refill. For additional information, go to myuhc.com or call UnitedHealthcare at 800-430-7316.

Diabetic Bundling – What Your Medical Plan Does for You

A participant's insulin/non-insulin medication and related diabetic supplies can be purchased through mail order for the cost of the insulin/non-insulin if prescriptions for the insulin/non-insulin and supplies are submitted at the same time.

- **CDHP w/HRA** participants will pay 20 percent of the cost once the in-network deductible is met. Your HRA will pay first. If you do not have money in your HRA, you will pay out-of-pocket. If you have not met your in-network deductible, you will pay 100 percent of the cost.
- **PPO** participants will pay *two* copays/coinsurance for a 90-day prescription.
- **HMO** participants will pay *three* copays/coinsurance for a 90-day prescription.

Consider participating in the HealthyConnections Diabetes Program to receive Tier 1 diabetes medication and supplies at no cost. This benefit is available to all participants enrolled in a City medical plan who are 18 years of age and older. See the "Wellness" section of this Guide for details.

Medical Programs



Cancer Support Program – Specialized cancer nurses offer needed support to participants throughout cancer treatment, recovery, and at end of life to assist with treatment decisions and improve a participant's health care experience. Experienced, caring cancer nurses from the cancer support program are available to support participants in several ways. They can:

- Find the right doctor for you.
- Explore your treatment options.
- Help you manage symptoms and side effects.
- Explain your medications.
- Work with your doctors to make sure all your questions are answered.
- Talk to your spouse, family, children, and employer.
- Keep your doctors informed about how you're feeling.

Comprehensive Kidney Program – Specialized nurses offer education, motivation, and reinforcement to ensure integration with other programs. UnitedHealthcare offers access to the top-performing centers through their network of preferred dialysis centers. You'll also receive ongoing clinical expertise and help from specialized nurses who can help you:

- Understand your treatment options.
- Manage your symptoms and side effects.
- Work with your doctor and ask the right questions.
- With other health concerns, such as high blood pressure, anemia, or nutrition.

Maternity Program – Provides 100 percent outreach for every pregnancy, offering guidance on preventive care, early risk detection, and education. Personalized support for each participant's unique experience. If you're thinking about having a baby, or you already have one on the way, the Maternity Support Program can help. Enroll and get access to an experienced maternity nurse who can:

- Answer your questions on everything from pre-conception health to newborn care.
- Offer support throughout pregnancy and after birth.
- Provide specialized resources if your pregnancy is considered high-risk to help you stay healthy and prevent premature birth.

NurseLine Services – Coping with health concerns on your own can be tough. With so many choices, it can be hard to know whom to trust for information and support. NurseLine services were designed specifically to help you get more involved in your own health care, and to make your health decisions simple and convenient.

We'll provide you with:

- Immediate answers to your health questions any time, anywhere – 24 hours a day, 7 days a week.
- Access to experience registered nurses.
- Trusted, physician-approved information to guide your health care decisions.

When you call, a registered nurse can help you:

- Discuss your options for the right medical care.
- Find a doctor or hospital.
- Understand treatment options.
- Develop a healthy lifestyle.
- Ask medication questions.

Call NurseLine services any time for health information and support – at no additional cost to you as part of your benefit plan. Registered nurses are available any time, day or night. Call NurseLine services at **877-365-7949, TTY 711**.

Cost for Coverage

Retirees

The amount you pay for medical coverage is based on the following:

- Years of service with the City.
- Level of coverage (i.e., retiree only, retiree and spouse, retiree and children, etc.).
- Medicare eligibility.

Surviving Dependents

The amount you pay for surviving dependent medical coverage is based on the following:

- City established rates for surviving dependent medical coverage.
- The retiree's years of service with the City.
- Medicare eligibility. (Applies only to the retiree's spouse).

Years of Service for Retiree and Surviving Dependents – Your cost of coverage is determined by continuous years of employment with the City of Austin or creditable years of service, whichever is greater. Years of creditable service are determined by the retirement system and include military or City retirement system buybacks or City-purchased service credit. If any contributions were withdrawn from the retirement system prior to retirement, the creditable service will not include any years for which contributions were withdrawn. Also, years of creditable service will not include any years of employment accrued with an employer, other than the City.

Medicare Rates – Apply only when Medicare Parts A and B are in effect and a copy of the Medicare card is provided to the Employee Benefits Division. See "Medical Rates" section of this Guide.

Provide a copy of your Medicare card to the Employee Benefits Division two months prior to you or your spouse/domestic partner turning 65 years old.

Premium Payments

Premium payments for coverage must be deducted automatically from the check you receive from the retirement system. If the monthly retirement check is not enough to pay for coverage selections, you must make arrangements with the Employee Benefits Division at [512-974-3284](tel:512-974-3284) to pay the premium. Payment coupons will be provided and must be returned with the payment. Payments must be made on a monthly basis and are due on the first day of the month of coverage. If payment is not received within the required timeline, coverage will be terminated.

Premium Deduction Errors

Data Entry Error/Delay

If a data entry error occurs or if data entry is delayed, it will not invalidate the coverage reflected on your enrollment form. Upon discovery, an adjustment will be made to reflect the correct premium deduction. If underpayment of premium occurs, the City has the right to collect any additional premium owed by you. Conversely, if overpayment occurs, the City will reimburse you any amount overpaid, up to a maximum of one month of premiums.

Enrollment Form Errors

It is your responsibility to ensure that information on your enrollment form is correct. If a premium deduction error occurs, you must notify the Employee Benefits Division immediately. If an overpayment occurs due to an error you made when completing your enrollment form, the City will reimburse you up to a maximum of one month of premiums. Conversely, if underpayment occurs due to an error you made on your enrollment form, the City has the right to collect any additional premium owed.



Austin Visitor Center on E. 4th Street.

Retiree Medical Rates for 2017

"With Medicare" rates apply only when the covered persons have both Medicare Parts A and B. If a retiree or spouse/domestic partner is eligible for Medicare due to age, the retiree or spouse/domestic partner must enroll in both Parts A and B and provide a copy of your Medicare card to the Employee Benefits Division.

The rates shown below are monthly rates for the medical plans.

	Years of Service	UnitedHealthcare CDHP w/HRA	UnitedHealthcare PPO	UnitedHealthcare HMO
Retiree without Medicare	Less than 5	\$ 709.73 (2A1)	\$ 704.45 (8A1)	\$ 714.45 (9A1)
	5 through 9	\$ 630.87 (2A2)	\$ 637.15 (8A2)	\$ 647.15 (9A2)
	10 through 14	\$ 473.16 (2A3)	\$ 502.62 (8A3)	\$ 512.62 (9A3)
	15 through 19	\$ 315.44 (2A4)	\$ 368.02 (8A4)	\$ 378.02 (9A4)
	20 or more	\$ 157.66 (2A5)	\$ 166.17 (8A5)	\$ 176.17 (9A5)
Retiree with Medicare	Less than 5	\$ 389.18 (2B1)	\$ 428.64 (8B1)	\$ 428.64 (9B1)
	5 through 9	\$ 345.94 (2B2)	\$ 387.70 (8B2)	\$ 387.70 (9B2)
	10 through 14	\$ 259.45 (2B3)	\$ 305.83 (8B3)	\$ 305.83 (9B3)
	15 through 19	\$ 172.97 (2B4)	\$ 223.93 (8B4)	\$ 223.93 (9B4)
	20 or more	\$ 86.48 (2B5)	\$ 101.11 (8B5)	\$ 101.11 (9B5)
Retiree and Spouse/ Domestic Partner, both without Medicare	Less than 5	\$1,277.55 (2C1/6)	\$1,417.81 (8C1/6)	\$1,427.81 (9C1/6)
	5 through 9	\$1,167.15 (2C2/7)	\$1,310.80 (8C2/7)	\$1,320.80 (9C2/7)
	10 through 14	\$ 977.88 (2C3/8)	\$1,096.78 (8C3/8)	\$1,106.78 (9C3/8)
	15 through 19	\$ 757.07 (2C4/9)	\$ 882.72 (8C4/9)	\$ 892.72 (9C4/9)
	20 or more	\$ 473.11 (2C5/0)	\$ 561.68 (8C5/0)	\$ 571.68 (9C5/0)
Retiree and Spouse/ Domestic Partner, both with Medicare	Less than 5	\$ 896.36 (2D1/6)	\$1,059.49 (8D1/6)	\$1,059.49 (9D1/6)
	5 through 9	\$ 824.94 (2D2/7)	\$ 983.82 (8D2/7)	\$ 983.82 (9D2/7)
	10 through 14	\$ 710.28 (2D3/8)	\$ 832.50 (8D3/8)	\$ 832.50 (9D3/8)
	15 through 19	\$ 567.45 (2D4/9)	\$ 681.15 (8D4/9)	\$ 681.15 (9D4/9)
	20 or more	\$ 368.25 (2D5/0)	\$ 454.12 (8D5/0)	\$ 454.12 (9D5/0)
Retiree without Medicare and Spouse/ Domestic Partner with Medicare	Less than 5	\$1,216.92 (2E1/6)	\$1,335.30 (8E1/6)	\$1,345.30 (9E1/6)
	5 through 9	\$1,109.88 (2E2/7)	\$1,233.28 (8E2/7)	\$1,243.28 (9E2/7)
	10 through 14	\$ 923.99 (2E3/8)	\$1,029.29 (8E3/8)	\$1,039.29 (9E3/8)
	15 through 19	\$ 709.91 (2E4/9)	\$ 825.23 (8E4/9)	\$ 835.23 (9E4/9)
	20 or more	\$ 439.49 (2E5/0)	\$ 519.19 (8E5/0)	\$ 529.19 (9E5/0)
Retiree with Medicare and Spouse/ Domestic Partner without Medicare	Less than 5	\$ 957.00 (2F1/6)	\$1,142.00 (8F1/6)	\$1,142.00 (9F1/6)
	5 through 9	\$ 882.21 (2F2/7)	\$1,061.34 (8F2/7)	\$1,061.34 (9F2/7)
	10 through 14	\$ 764.18 (2F3/8)	\$ 899.99 (8F3/8)	\$ 899.99 (9F3/8)
	15 through 19	\$ 614.61 (2F4/9)	\$ 738.64 (8F4/9)	\$ 738.64 (9F4/9)
	20 or more	\$ 401.94 (2F5/0)	\$ 496.61 (8F5/0)	\$ 496.61 (9F5/0)
Retiree with Medicare and Children	Less than 5	\$ 694.44 (2G1)	\$ 784.95 (8G1)	\$ 784.95 (9G1)
	5 through 9	\$ 634.24 (2G2)	\$ 724.23 (8G2)	\$ 724.23 (9G2)
	10 through 14	\$ 530.79 (2G3)	\$ 602.81 (8G3)	\$ 602.81 (9G3)
	15 through 19	\$ 410.39 (2G4)	\$ 481.34 (8G4)	\$ 481.34 (9G4)
	20 or more	\$ 256.07 (2G5)	\$ 299.20 (8G5)	\$ 299.20 (9G5)

Retiree Medical Rates for 2017

	Years of Service	UnitedHealthcare CDHP w/HRA	UnitedHealthcare PPO	UnitedHealthcare HMO
Retiree without Medicare and Children	Less than 5	\$ 993.65 (2H1)	\$1,061.25 (8H1)	\$1,071.25 (9H1)
	5 through 9	\$ 899.01 (2H2)	\$ 974.14 (8H2)	\$ 984.14 (9H2)
	10 through 14	\$ 725.52 (2H3)	\$ 800.00 (8H3)	\$ 810.00 (9H3)
	15 through 19	\$ 536.25 (2H4)	\$ 625.78 (8H4)	\$ 635.78 (9H4)
	20 or more	\$ 315.38 (2H5)	\$ 364.53 (8H5)	\$ 374.53 (9H5)
Retiree and Spouse/ Domestic Partner, both without Medicare and Family	Less than 5	\$1,561.46 (2I1/6)	\$1,774.61 (8I1/6)	\$1,784.61 (9I1/6)
	5 through 9	\$1,435.29 (2I2/7)	\$1,647.78 (8I2/7)	\$1,657.78 (9I2/7)
	10 through 14	\$1,230.24 (2I3/8)	\$1,394.17 (8I3/8)	\$1,404.17 (9I3/8)
	15 through 19	\$ 977.88 (2I4/9)	\$1,140.48 (8I4/9)	\$1,150.48 (9I4/9)
	20 or more	\$ 630.83 (2I5/0)	\$ 760.04 (8I5/0)	\$ 770.04 (9I5/0)
Retiree without Medicare and Spouse/ Domestic Partner with Medicare and Family	Less than 5	\$1,500.83 (2J1/6)	\$1,692.10 (8J1/6)	\$1,702.10 (9J1/6)
	5 through 9	\$1,378.02 (2J2/7)	\$1,570.27 (8J2/7)	\$1,580.27 (9J2/7)
	10 through 14	\$1,176.35 (2J3/8)	\$1,326.68 (8J3/8)	\$1,336.68 (9J3/8)
	15 through 19	\$ 930.74 (2J4/9)	\$1,082.99 (8J4/9)	\$1,092.99 (9J4/9)
	20 or more	\$ 597.22 (2J5/0)	\$ 717.55 (8J5/0)	\$ 727.55 (9J5/0)
Retiree with Medicare and Spouse/Domestic Partner without Medicare and Family	Less than 5	\$1,262.26 (2K1/6)	\$1,498.31 (8K1/6)	\$1,498.31 (9K1/6)
	5 through 9	\$1,170.51 (2K2/7)	\$1,397.87 (8K2/7)	\$1,397.87 (9K2/7)
	10 through 14	\$1,035.52 (2K3/8)	\$1,196.97 (8K3/8)	\$1,196.97 (9K3/8)
	15 through 19	\$ 852.03 (2K4/9)	\$ 996.05 (8K4/9)	\$ 996.05 (9K4/9)
	20 or more	\$ 571.53 (2K5/0)	\$ 694.71 (8K5/0)	\$ 694.71 (9K5/0)
Retiree and Spouse/ Domestic Partner, both with Medicare and Family	Less than 5	\$1,201.62 (2L1/6)	\$1,415.81 (8L1/6)	\$1,415.81 (9L1/6)
	5 through 9	\$1,113.24 (2L2/7)	\$1,320.35 (8L2/7)	\$1,320.35 (9L2/7)
	10 through 14	\$ 981.62 (2L3/8)	\$1,129.48 (8L3/8)	\$1,129.48 (9L3/8)
	15 through 19	\$ 804.87 (2L4/9)	\$ 938.56 (8L4/9)	\$ 938.56 (9L4/9)
	20 or more	\$ 537.84 (2L5/0)	\$ 652.21 (8L5/0)	\$ 652.21 (9L5/0)

Surviving Dependents Medical Rates for 2017

	Years of Service	UnitedHealthcare CDHP w/HRA	UnitedHealthcare PPO	UnitedHealthcare HMO
Surviving Spouse without Medicare	Less than 5	\$ 709.73 (2Y1)	\$ 712.32 (8Y1)	\$ 722.32 (9Y1)
	5 through 9	\$ 630.87 (2Y2)	\$ 648.93 (8Y2)	\$ 658.93 (9Y2)
	10 through 14	\$ 473.16 (2Y3)	\$ 522.23 (8Y3)	\$ 532.23 (9Y3)
	15 through 19	\$ 315.44 (2Y4)	\$ 395.54 (8Y4)	\$ 405.54 (9Y4)
	20 or more	\$ 157.72 (2Y5)	\$ 205.53 (8Y5)	\$ 215.53 (9Y5)
Surviving Spouse with Medicare	Less than 5	\$ 389.18 (2Z1)	\$ 439.68 (8Z1)	\$ 439.68 (9Z1)
	5 through 9	\$ 345.94 (2Z2)	\$ 404.26 (8Z2)	\$ 404.26 (9Z2)
	10 through 14	\$ 259.45 (2Z3)	\$ 333.47 (8Z3)	\$ 333.47 (9Z3)
	15 through 19	\$ 172.97 (2Z4)	\$ 262.61 (8Z4)	\$ 262.61 (9Z4)
	20 or more	\$ 86.48 (2Z5)	\$ 156.38 (8Z5)	\$ 156.38 (9Z5)
Surviving Children Only	Less than 5	\$ 299.68 (2V1)	\$ 376.74 (8V1)	\$ 376.74 (9V1)
	5 through 9	\$ 291.79 (2V2)	\$ 366.83 (8V2)	\$ 366.83 (9V2)
	10 through 14	\$ 283.91 (2V3)	\$ 347.03 (8V3)	\$ 347.03 (9V3)
	15 through 19	\$ 268.13 (2V4)	\$ 327.22 (8V4)	\$ 327.22 (9V4)
	20 or more	\$ 236.59 (2V5)	\$ 297.52 (8V5)	\$ 297.52 (9V5)
Surviving Spouse without Medicare and Surviving Children	Less than 5	\$1,009.42 (2W1)	\$1,089.06 (8W1)	\$1,099.06 (9W1)
	5 through 9	\$ 922.67 (2W2)	\$1,015.76 (8W2)	\$ 1,025.76 (9W2)
	10 through 14	\$ 757.06 (2W3)	\$ 869.27 (8W3)	\$ 879.27 (9W3)
	15 through 19	\$ 583.57 (2W4)	\$ 722.76 (8W4)	\$ 732.76 (9W4)
	20 or more	\$ 394.31 (2W5)	\$ 503.05 (8W5)	\$ 513.05 (9W5)
Surviving Spouse with Medicare and Surviving Children	Less than 5	\$ 688.87 (2X1)	\$ 816.42 (8X1)	\$ 816.42 (9X1)
	5 through 9	\$ 637.74 (2X2)	\$ 771.10 (8X2)	\$ 771.10 (9X2)
	10 through 14	\$ 543.37 (2X3)	\$ 680.51 (8X3)	\$ 680.51 (9X3)
	15 through 19	\$ 441.11 (2X4)	\$ 589.83 (8X4)	\$ 589.83 (9X4)
	20 or more	\$ 323.08 (2X5)	\$ 453.90 (8X5)	\$ 453.90 (9X5)

Vision Plan



Healthy eyes and clear vision are an important part of your overall health and quality of life. Davis Vision will help you care for your sight while saving you money.

To view benefits and locate a provider, go to davisvision.com or call 888-445-2290. For non-members, click on **Member** and enter **2481** as the client code.

Plan Design			
Covered Service – In-network benefits (limited out-of-network benefits are available).			
Comprehensive Eye Exam – \$10 copay, one exam per calendar year.			
Frames – in lieu of contact lenses. Once per calendar year. Up to \$125 retail allowance toward provider-supplied frames plus 20% off cost exceeding the allowance.* Up to \$175 retail allowance if purchased at Vision Works. OR Any Fashion or Designer frame from Davis Vision’s Collection (with retail values up to \$175), covered in full . OR Any Premier frame from Davis Vision’s Collection (with retail values up to \$225), covered in full after an additional \$25 copay. One-year eyeglass breakage warranty included at no additional cost.		Contacts – in lieu of frames. Once per calendar year. Up to \$120 allowance toward provider-supplied contacts plus 15% off cost exceeding the allowance.* Standard Contacts – Evaluation, fitting fees, and follow-up care; \$25 copay applies. Specialty Contacts – Evaluation, fitting fees, and follow-up care, up to a \$60 allowance plus 15% off cost exceeding allowance.* \$25 copay applies. OR Davis Vision Collection contact lenses, evaluation, fitting fees, and follow-up care, covered in full after \$25 copay. (Up to four boxes of disposable lenses). OR Medically necessary with prior approval, covered in full .	
Standard Eyeglass Lenses – Single, bifocals, trifocals, lenticular, and standard scratch coating. \$25 copay, once per calendar year. Polycarbonate lenses for children are covered in full up to age 19.			
Lens Options	Copay	Lens Options	Copay
Standard progressive addition lenses	\$50	Premium AR Coating	\$48
Premium progressives (i.e. Varilux, etc.)	\$90	Ultra AR Coating	\$60
Intermediate-vision lenses	\$30	High-index lenses	\$55
Blended-segment lenses	\$20	Polarized lenses	\$75
Ultraviolet coating	\$12	Glass photochromic lenses	\$20
Standard anti-reflective (AR) coating	\$35	Plastic photosensitive lenses	\$65
*Additional Discounts – Not available at Wal-Mart or Sam's Club.			

Vision Rates – Monthly Premiums

Retiree Only	\$ 4.48	V1
Retiree & Spouse or Domestic Partner	\$ 8.88	V2
Retiree & Children	\$ 8.72	V3
Retiree & Family or Domestic Partner & Children	\$ 13.28	V4
Surviving Spouse	\$ 4.48	V6
Surviving Spouse & Children	\$ 8.72	V8
Surviving Children Only	\$ 4.48	V9

Dental Plans

The City of Austin offers retirees and surviving dependents two dental coverage options. The following information briefly describes the two dental plans.

Delta Dental

If you enroll in Delta Dental, you can select any dentist to provide dental services. Selecting a dentist in one of Delta Dental's networks (DPO or Premier) will save you money. The DPO Program offers you the greatest savings because charges are generally lower than those charged by the majority of dentists in the same area. If you select a dentist in the Premier Network, you will not be balanced-billed for amounts over the Usual, Customary and Reasonable (UCR) fee. If you select a non-Delta dentist, you will be responsible for any extra amount charged by the dentist over the benefits that Delta Dental will pay, in addition to any deductibles and maximums specified by the Plan. When contacting a dentist, ask whether the dentist participates in the Delta DPO Network or Premier Network. For detailed information call Delta Dental at *800-521-2651*.

Plan features include:

- Diagnostic and Preventive Services covered at 100 percent.
- Basic Services covered at 80 percent.
- Major Services covered at 50 percent.
- Orthodontia Services covered at 50 percent.
- \$50 deductible per covered person (does not apply to Diagnostic and Preventive Services).
- \$150 deductible per family, per calendar year.
- \$50 deductible for Orthodontia Services per covered person.
- \$1,000 per patient maximum per covered person, per calendar year.
- \$1,000 lifetime Orthodontia maximum per covered person.

Assurant Employee Benefits - Heritage Plus with Specialty Benefit Plan

The Assurant Employee Benefits Plan is a prepaid dental plan that offers benefits through a network of plan dentists. Members must select a network general dentist if enrolled in this plan, you are responsible for specific copay amounts when services are provided by a network dentist. Members can use the Specialty Plan to obtain services from network or non-network specialists for specific services listed in the member plan documents. Plan limitations and exclusions apply. If you move out of the service coverage area, you have the option to drop or change coverage. See the plan documents for details.

Plan features include:

- No deductible.
- No waiting periods.
- Coverage for pre-existing conditions.
- No claim forms to file for plan dentist and plan specialty dentist services.
- No referrals required for specialty dentist services.
- No annual maximum for plan dentist and plan specialty dentist services.

Plan specialty benefits have a copay schedule. Refer to your plan document for copays.

To find a dentist, call *800-443-2995* or visit assurantemployeebenefits.com. Click on the **For Members** section on the website, choose **Find a Dentist**, and then under Prepaid/Managed Care Plans, select **Heritage Series**. Services provided by an SBA Plan Specialty Dentist, and services provided by a Plan Specialty Dentist (a specialty dentist who is a part of the plan provider network but does not accept the SBA copay schedule), will be provided to you at a rate lower than the specialist's normal retail charges.

	Delta Dental			Assurant Employee Benefits - Heritage Plus with Specialty Benefit Plan
	DPO Network	Premier Network	Out-of-Network	In-Network
Selection of Dentist	Member can go to general dentist or specialist in network.	Member can go to general dentist or specialist in network.	Member can go to any general dentist or specialist.	Member must select a network general dentist. Member can use the Specialty Plan for services from network and non-network specialists.
Annual Deductible	\$50 per person/\$150 per family per calendar year. Deductible does not apply to Diagnostic or Preventive Services.			None.
Covered Services (other than Orthodontia)	<p>Diagnostic and Preventive – covered at 100% of DPO fee schedule.</p> <p>Basic – covered at 80% of DPO fee schedule.</p> <p>Major – covered at 50% of DPO schedule.</p>	<p>Diagnostic and Preventive – covered at 100% of Premier fee schedule (UCR).</p> <p>Basic – covered at 80% of Premier fee schedule (UCR).</p> <p>Major – covered at 50% of Premier fee schedule (UCR).</p>	<p>Diagnostic and Preventive – covered at 100% of UCR.</p> <p>Basic – covered at 80% of UCR.</p> <p>Major – covered at 50% of UCR.</p> <p>Also responsible for amounts above Usual, Customary and Reasonable (UCR).</p>	Member pays applicable copays according to the schedule of benefits when services are provided by a network dentist.
Annual Maximum Benefit	\$1,000 per person per calendar year.		\$1,000 per person per calendar year. Also responsible for amounts above UCR.	No maximum for network dentist. \$2,000 annual maximum for nonplan specialty dentist.
Orthodontia	50% of DPO fee schedule.	50% of Premier fee schedule (UCR).	50% of UCR. Also responsible for amounts above UCR.	25% discount when services are received from a network specialist. No age limitations adults and children are both covered).

	Delta Dental			Assurant Employee Benefits - Heritage Plus with Specialty Benefit Plan
	DPO Network	Premier Network	Out-of-Network	In-Network
Orthodontia Maximum Benefit	\$1,000 per person per lifetime.			No Orthodontia maximum when services are received from a network specialist.
Benefit Waiting Period	None.	None.	None.	None.
One Year Commitment	Allows members to cancel coverage only during Open Enrollment or within 31 days of a change in family status.			
Identification Cards	Two cards per retiree are issued.			
Claim Forms	None.	None.	Members file claims to be reimbursed for covered expenses. (Some dental offices may file claims and bill the balance after the plan has paid).	None.
Additional Information	For questions about eligibility, participating network dentists, plan benefits, claim forms, etc., call 800-521-2651 .			For questions about eligibility, participating network dentist, plan benefits, claim forms, etc., call 800-443-2995 .

Dental Rates – Monthly Premiums

	Delta Dental		Assurant Employee Benefits - Heritage Plus with Specialty Plan	
Retiree Only	\$ 28.83	I1	\$ 10.14	A1
Retiree & One Dependent	\$ 60.66	I2	\$ 16.64	A2
Retiree & Family or Domestic Partner & Children	\$ 88.83	I3	\$ 25.77	A3
Surviving Spouse	\$ 28.83	I6	\$ 10.14	A6
Surviving Spouse & One Child	\$ 60.66	I7	\$ 16.64	A7
Surviving Spouse & Children	\$ 88.83	I8	\$ 25.77	A8
Surviving Children Only	\$ 60.66	I9	\$ 16.64	A9

Additional Benefits

Life Insurance

Coverage Description

The City provides \$1,000 of retiree life insurance at no cost to retirees. Coverage is effective the first day of the following month in which you retire. Retirees are automatically enrolled in this benefit. You must complete a Retiree Beneficiary Designation form.

Additional death benefits are available as follows:

- Employees' Retirement System – \$10,000. For more information, call [512-458-2551](tel:512-458-2551).
- Police Retirement System – \$10,000. For more information, call [512-416-7672](tel:512-416-7672).
- Austin Fire Fighters Relief and Retirement Fund – no death benefit offered.

Life insurance coverage is not available for dependents of retirees.

Choosing a Beneficiary

In the event of your death, life insurance benefits are paid to your named beneficiary or beneficiaries. The City provides a Beneficiary Designation form for this purpose. Unless prohibited by law, your life insurance benefits will be distributed as you indicated on your Beneficiary Designation form. If your named beneficiary is under 18 years of age at the time of your death, court documents appointing a guardian may be required before payment can be made. You should talk with an attorney to make sure that benefits to a minor will be paid according to your wishes.

Reviewing Your Beneficiary Designation Form

You can review your beneficiary designation for your life insurance coverage any time during the year. It is important that you keep this information current so that the person or persons you want to receive benefits are listed. To review your beneficiary information, you can visit the Employee Benefits Division or call [512-974-3284](tel:512-974-3284).

Filing a Life Insurance Claim

Your beneficiary must file the life insurance claim with the Employee Benefits Division and submit the appropriate documents:

- Retiree death – one original death certificate.
- Vendor claim forms.

Retiree Discount Page – Beneplace

The City has teamed up with Beneplace, a local internet service offering discounts on hundreds of products and services. Some of the companies offering discounts through Beneplace are: Dell, Panasonic, Sears, Sony, Apple, AT&T, Costco, Walt Disney World, Travelers Insurance, and others. For discounts on cruises, hotels, cell phones, rental cars, hearing aids, life insurance, and travel, go to beneplace.com/coaustin.





Retiree Wellness Program

HealthyConnections, the City's award-winning wellness program, sponsors the Retiree Wellness Program, which offers activities such as educational seminars, Health & Lifestyle Expos, and walking groups. The focus continues to be on reducing health risks and improving quality of life, and reducing medical costs for both retirees and the organization. Many health issues can be improved through a healthy lifestyle that includes avoiding tobacco, following a healthy diet, regular exercise, and preventive screenings.

Wellness Newsletter

Retirees who are interested in receiving a newsletter about wellness opportunities and health information can email healthyconnections@austintexas.gov and request to be added to the distribution list for a monthly electronic newsletter. This is a good way to find out about the wellness programs described below. Retirees can also call the Employee Benefits Division at [512-974-3284](tel:512-974-3284) and ask to speak with a Wellness Consultant if they have questions about wellness opportunities.

Health Assessments

A Health Assessment provides a "snapshot" of an individual's health. Identifying health risks leads to early intervention, resulting in better health outcomes and less costly treatment.

Retirees and dependents can:

1. Complete a finger stick screening at a City Health Assessment to get health numbers such as cholesterol, glucose, and triglycerides. To register for an appointment, call [877-366-7483](tel:877-366-7483).

OR

2. Use lab results obtained through a doctor to get current health numbers.

These health numbers are then used to complete the Rally Health Survey at myuhc.com. When the survey is completed, you will receive a Rally Health Age and recommendations for improving health and fitness. This information is available any time at myuhc.com/Rally. All personal health information is protected by HIPAA and will remain confidential.

Tobacco Premium

Retirees and spouses/domestic partners currently using tobacco products, including but not limited to cigarettes, cigars, chewing tobacco, snuff, pipes, snus, shisha and electronic cigarettes will be charged a tobacco premium.

Retirees and spouses/domestic partners enrolled in a City sponsored medical plan who use tobacco will each pay \$25 per month. To stop the tobacco premium, retirees and spouses using tobacco must complete the Tobacco Cessation 101 class. The scheduled classes can be found on austintexas.gov/retirees. Retiree and spouses/domestic partners can attend a class without registering.

Tobacco Cessation 101

HealthyConnections offers Tobacco Cessation 101, a two-part class, to help individuals live tobacco free. Classes, which are designed for all tobacco users, are available at worksites across the City. To successfully complete Tobacco Cessation 101, the individual must complete BOTH classes (Part 1 & Part 2). Individuals who complete the class can receive cessation medication (including over-the-counter products) for free for nine months with a doctor's prescription. Retirees, spouses, and eligible dependents (age 18 years and older) who are enrolled in a City sponsored medical plan are eligible for this benefit. Call [512-974-3284](tel:512-974-3284) for assistance.

Diabetes and Pre-diabetes Programs

This program is offered to retirees and dependents enrolled in a City sponsored medical plan. The program provides education on the disease, quarterly meetings with a Randalls Pharmacist, and a free OneTouch glucose monitor. Those who meet program requirements can receive free Tier 1 diabetes medication and supplies. Individuals who are pre-diabetic are eligible to participate in the educational component of the program. To enroll, call the Seton Diabetes Education Center at [512-324-1891](tel:512-324-1891) (choose option 2).

Free Flu Shot Clinics

This benefit is free to retirees, spouses, and eligible dependents (age 18 and older). It is offered in the fall at City worksites and at Retiree Open Enrollment meetings.

Healthy Pregnancy & Beyond

The Healthy Pregnancy Program offered by HealthyConnections and UnitedHealthcare is designed to help pregnant women get the support and information they need to have a healthy pregnancy. All pregnant women enrolled in a City sponsored medical plan are eligible for the program and can enroll by calling [800-430-7316](tel:800-430-7316). Benefits include 24/7 access to OB nurses, a copy of the Mayo Clinic's *Guide to a Healthy Pregnancy*, and a HealthyConnections onesie. Breast pumps are covered at 100% through UnitedHealthcare. Contact UnitedHealthcare for more information.

City Olympics

HealthyConnections and the Parks and Recreation Department host the annual City Olympics at Krieg Sports Complex. Employees, retirees, and their families can watch the sports and golf tournaments, try out the extreme obstacle course, or run the Byron Johnson 5K run/walk. There will also be a number of health and lifestyle vendors at the mini-health expo and a brisket cook-off competition. Kid's activities will be provided and a kids 1K fun run will take place in the morning.

Health & Lifestyle Expos

HealthyConnections sponsors citywide Health and Lifestyle Expos at Palmer Events Center. Expos offer Health Assessment screenings and an opportunity for employees, retirees, and family members to explore a number of booths focusing on health and lifestyle.

Walk Groups

Retirees and their spouses may participate in walking groups offered quarterly through the PE Program. All levels of walkers are welcome.

Health Awareness

During the year, HealthyConnections sponsors activities based on national awareness campaigns designed to educate individuals about healthy lifestyles. Examples include Heart Health Month, Men's Health Month, Women's Health Month, and Diabetes Education Month.

Optum Health

Optum Health, a part of UnitedHealthcare, offers helpful resources. For example, you can call myNurseLine at [877-440-6011](tel:877-440-6011) to visit with a registered nurse who can help you make decisions about treatment options and the appropriate level of care you may need. This service is available 24/7.

You may receive a call from an Optum nurse, who can offer assistance on managing your health issues. This is an added benefit that is available as part of the City medical plan.

LIVESTRONG Survivorship Notebook

If you or someone in your family has been diagnosed with cancer, the LIVESTRONG Foundation has provided the City of Austin a valuable resource: *LIVESTRONG Survivorship Notebook*. This notebook includes information and tools to help you organize your care, keep all of your medical information in one place, and understand how to deal with the physical, emotional, and practical issues all cancer patients face. The notebook is available by contacting the Employee Benefits Division at [512-974-3284](tel:512-974-3284).

Five Wishes Program

This easy-to-complete living will addresses your medical, personal, emotional, and spiritual needs if you become seriously ill. The document is available free by contacting the Employee Benefits Division at [512-974-3284](tel:512-974-3284).



Important Benefits Information

Summary of Benefits and Coverage (SBC) and Uniform Glossary of Terms

Under the law, insurance companies and group health plans must provide consumers with a concise document detailing, in plain language, simple and consistent information about health plan benefits and coverage. This summary will help consumers better understand the coverage they have and allow them to easily compare different coverage options. It summarizes the key features of the plan and coverage limitations and exceptions. For a copy of the SBC of the City's medical plans, go to austintexas.gov/retirees or call 512-974-3284.

Under the Patient Protection and Affordable Care Act (Health Reform), consumers will also have a new resource to help them understand some of the most common but confusing jargon used in health insurance. Retirees can access the Uniform Glossary of Terms online at austintexas.gov/retirees or call 512-974-3284 for a copy.

ADA Compliance

The City is committed to complying with the Americans with Disabilities Act (ADA). Reasonable accommodation, including equal access to communications, will be provided upon request. For more information, call the Human Resources Department at 512-974-3284 or use the Relay Texas TTY number 800-735-2989 for assistance. For more information, visit the website at austintexas.gov/ada.

Governing Plan

Your rights are governed by each plan instrument (which may be a plan document, evidence of coverage, certificate of coverage, or contract) and not by the information in this Guide. If there is a conflict between the provisions of the plan you selected and this Guide, the terms of the plan govern. City of Austin retirees have access to benefits approved by the City Council each year as part of the budget process. The benefits and services offered by the City may be changed or terminated at any time.

The Health Insurance Portability & Accountability Act of 1996 (HIPAA)

This act imposes the following restrictions on group health plans:

Limitations on pre-existing exclusion periods: Pre-existing conditions can only apply to conditions for which medical advice, diagnosis, care, or treatment was recommended or received during a period beginning six months prior to an individual's enrollment date, and any pre-existing condition exclusion is not permitted to extend for more than 12 months after the enrollment date. Further, a pre-existing condition exclusion period may be reduced by any creditable previous coverage the individual may have had.

Special enrollment: Group health plans must allow certain individuals to enroll upon the occurrence of certain events, including new dependents and loss of other coverage. Loss of coverage includes:

- Termination of employer contributions toward other coverage.
- Moving out of an HMO service area.
- Ceasing to be a "dependent," as defined by the other plan.
- Loss of coverage to a class of similarly situated individuals under the other plan (e.g., part-time employees).

Additionally, individuals entitled to special enrollment must be allowed to enroll in all available benefit package options and to switch to another option if he or she has a spouse or dependent with special enrollment rights.

Prohibitions against discriminating against individual participants and beneficiaries based on health status:

Plans may not establish rules for eligibility of any individual to enroll under the terms of the plan based on certain health status-related factors, including health status, medical condition, claims experience, receipt of health care, medical history, genetic information, evidence of insurability, or disability.

Standards relating to benefits for mothers and newborns: Plans must provide for a 48-hour minimum stay for vaginal childbirth, and a 96-hour minimum stay for cesarean childbirth, unless the mother or medical provider shortens this period. No inducements or penalties can be used with the mother or medical provider to circumvent these rules.

Parity in the application of certain limits to mental health benefits: Plans must apply the same annual and lifetime limits (i.e., dollar amounts) that apply to other medical benefits to benefits for mental health. If this requirement results in a 1 percent or more increase in plan costs or premiums, this rule does not apply.

City of Austin Policy on HIPAA

HIPAA gives the City, as the plan sponsor of a non-federal governmental plan, the right to exempt the plan in whole or in part from the requirements described above. The City has decided to formally implement all of these requirements.

The effect of this decision, as it applies to each of the above requirements and the Plan, is as follows:

- The Plan does not currently have a pre-existing condition limitation and is in compliance.
- The Plan will provide special enrollment periods.
- The Plan will comply with the non-discrimination rules.
- The Plan will comply with the standards for benefits for mothers and newborn children.
- The Plan will comply with the rules on mental health benefits.

The HIPAA Privacy Rules for Health Information were established to provide comprehensive federal protection concerning the privacy of health information. The Privacy Rules generally require the City to take reasonable steps to limit the use, disclosure, and requests for Protected Health Information to the minimum necessary to accomplish the intended purpose. The City is committed to implementing the Privacy Rules.

The Women's Health and Cancer Rights Act of 1998 was enacted on October 21, 1998. It provides certain protections for breast cancer patients who elect breast reconstruction in connection with a mastectomy. Specifically, the act requires that health plans cover post-mastectomy reconstructive breast surgery if they provide medical and surgical coverage for mastectomies. Coverage must be provided for:

- Reconstruction of the breast on which the mastectomy has been performed.
- Surgery and reconstruction of the other breast to produce a symmetrical appearance.
- Prostheses and physical complications of all stages of mastectomy, including lymph edemas.
- Secondary consultation whether such consultation is based on a positive or negative initial diagnosis.

The benefits required under the **Women's Health and Cancer Rights Act of 1998** must be provided in a manner determined in consultation with the attending physician and the patient. These benefits are subject to the health plan's regular copay and deductible amounts.

Patient Protection and Affordable Care Act

As part of the Patient Protection and Affordable Care Act (Health Reform) effective January 1, 2010, medical plans which exceed a threshold level established by the Federal Government will have to pay a 40 percent excise tax. The City of Austin is committed to designing a medical plan that is below the threshold level. However, if the threshold is reached, the cost of the excise tax will be passed on to employees and retirees.

COBRA

The Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA), as amended, is a federal law that requires employers to offer qualified beneficiaries the opportunity to continue medical coverage, vision coverage, and dental coverage, at their own cost in the case of certain qualifying events.

COBRA Notice Requirements: Each retiree or qualified beneficiary is required to notify the Employee Benefits Division of the Human Resources Department within 60 days of a divorce, legal separation, a child no longer meeting the definition of dependent, or entitlement to Medicare benefits. The City's COBRA administrator will then notify all qualified beneficiaries of their rights to enroll in COBRA coverage. Notice to a qualified beneficiary who is the spouse or former spouse of the covered retiree is considered proper notification to all other qualified beneficiaries residing with the spouse or former spouse at the time the notification is made.

Continuation of Coverage for Domestic Partners

The City offers covered individuals the opportunity to continue medical coverage, dental coverage, and vision coverage at their own cost in the case of certain qualifying events.

Each retiree or covered individual is required to notify the Employee Benefits Division of the Human Resources Department within 31 days of dissolution of the Domestic Partnership, a child no longer meeting the definition of dependent, or entitlement to Medicare benefits. The City's COBRA administrator will then notify all covered individuals of their rights to enroll in Continuation of Coverage for Domestic Partners coverage. Notice to a covered individual who is the Domestic Partner or former Domestic Partner of the covered retiree is considered proper notification to all other covered individuals residing with the Domestic Partner or former Domestic Partner at the time the notification is made.

Surviving Dependent Coverage

Your dependents may be eligible for Surviving Spouse Medical, Dental, and Vision Coverage only if you meet one of the following requirements, and your dependents complete a Surviving Dependent Benefits Enrollment Form within 31 days from the date of your death:

- You are a City retiree who retired under the City of Austin Employees' Retirement System, Austin Fire Fighters Relief and Retirement Fund, or City of Austin Police Retirement System.
- You are an active City employee who is eligible to retire with the City but chooses to continue to work for the City.
- You are a City retiree who has returned to active employment with the City.

If eligible, your dependents will be able to continue his or her coverage through the City after your death, provided your dependents were enrolled in a City-sponsored plan at the time of your death. The coverage offered is the same coverage offered to City retirees.

Domestic partners and children of domestic partners are eligible for Continuation of Coverage for Domestic Partners only.

Your Prescription Drug Coverage and Medicare Beneficiary Creditable Coverage Disclosure Notice

This notice has information about your current prescription drug coverage with the City of Austin and about your options under Medicare's prescription drug coverage. This information can help you decide whether or not you want to join a Medicare drug plan. If you are considering joining a Medicare drug plan, you should compare your current coverage, including which drugs are covered at what cost, with the coverage and costs of the plans offering Medicare prescription drug coverage in this area. There are two important things you need to know about your current coverage and Medicare's prescription drug coverage:

1. On January 1, 2006, new prescription drug coverage became available to individuals with Medicare Part A. This coverage is available through Medicare prescription drug plans, also referred to as Medicare Part D. All such plans provide a standard, minimum level of coverage established by Medicare. Some plans may also offer more coverage for a higher monthly premium.
2. The City of Austin has determined that prescription drug coverage offered through City health plans is, on average for all plan participants, expected to pay out as much as standard Medicare prescription drug coverage pays and is therefore considered Creditable Coverage. Because your existing coverage is Creditable Coverage, you can keep this coverage and not pay a higher premium (a penalty) if you later decide to join a Medicare drug plan.

Other Important Considerations

- If you currently have prescription drug coverage through a City medical plan, you may choose to enroll in Medicare Part D annually between October 15 and December 7, or when you first become eligible for Medicare Part D.
- If you decide to join a Medicare drug plan, your current City of Austin medical coverage will not be affected.
- If you do decide to join a Medicare drug plan and drop your current City of Austin coverage for your dependents, you may be able to get this coverage back during an Open Enrollment period.
- You should also know that if you drop or lose your current coverage with the City of Austin and don't join a Medicare drug plan within 63 continuous days after your current coverage ends, you may pay a higher premium (a penalty) to join a Medicare drug plan later. If you go 63 continuous days or longer without creditable prescription drug coverage, your monthly premium may go up by at least 1 percent of the Medicare base beneficiary premium per month for every month that you did not have that coverage. For example, if you go 19 months without Creditable Coverage, your premium may consistently be at least 19 percent higher than the Medicare base beneficiary premium.
- You may have to pay this higher premium (a penalty) as long as you have Medicare prescription drug coverage. In addition, you may have to wait until the following October to join.
- If you are enrolled in Medicare Part D or a Medicare Advantage Plan and are also enrolled in the City medical plan, you may have duplicate prescription coverage. If you would like to review your coverage or for more information, contact the Employee Benefits Division at [512-974-3284](tel:512-974-3284).

More information about Medicare Part D prescription drug coverage

More detailed information about Medicare plans that offer prescription drug coverage is in the *Medicare & You* handbook. You'll get a copy of the handbook in the mail every year from Medicare. You may also be contacted directly by Medicare drug plans. You can also:

- Visit [medicare.gov](https://www.medicare.gov) for personalized help.
- Call the **Health and Human Services Commission of Texas** at *888-834-7406* or *800-252-9330*.
- Call *800-MEDICARE (800-633-4227)*. TTY users should call *877-486-2048*.

Financial assistance may be available for individuals with limited income and resources through the **Social Security Administration (SSA)**. For more information, visit the SSA website at [socialsecurity.gov](https://www.socialsecurity.gov) or call *800-772-1213*. TTY users should call *800-325-0778*.

ATTACHMENT III
PLAN DESIGN CHANGE SUMMARY

Will be required for Employees, Retirees Under 65, Retirees Over 65

CYE and Projected FY - Illustrative

	EMPLOYEES				
	CYE Paid		Proposed Incurred	Plan Design Changes	Net Incurred
PPO					
Medical	\$ 75,000,000		\$ 100,000,000	\$ (500,000)	\$ 99,500,000
RX	\$ 25,000,000		\$ 30,000,000	\$ (500,000)	\$ 29,500,000
RX Rebates	\$ (5,000,000)		\$ (6,000,000)	\$ -	\$ (6,000,000)
RX Net of Rebates	\$ 20,000,000		\$ 24,000,000	\$ (500,000)	\$ 23,500,000
GRAND TOTAL NET Rebates / Credits	\$ 95,000,000		\$ 124,000,000	\$ (1,000,000)	\$ 123,000,000
HMO					
Medical	\$ 30,000,000		\$ 35,000,000	\$ (1,000,000)	\$ 34,000,000
RX	\$ 7,000,000		\$ 800,000	\$ (500,000)	\$ 300,000
RX Rebates	\$ (1,000,000)		\$ (2,000,000)	\$ -	\$ (2,000,000)
RX Net of Rebates	\$ 6,000,000		\$ (1,200,000)	\$ (500,000)	\$ (1,700,000)
GRAND TOTAL NET Rebates / Credits	\$ 36,000,000		\$ 33,800,000	\$ (1,500,000)	\$ 32,300,000
CDHP					
Medical	\$ 6,000,000		\$ 8,000,000	\$ (100,000)	\$ 7,900,000
RX	\$ 1,000,000		\$ 1,000,000	\$ (50,000)	\$ 950,000
RX Rebates	\$ -		\$ -	\$ -	\$ -
RX Net of Rebates	\$ 1,000,000		\$ 1,000,000	\$ (50,000)	\$ 950,000
GRAND TOTAL NET Rebates / Credits	\$ 7,000,000		\$ 9,000,000	\$ (150,000)	\$ 8,850,000
PPO and HMO and CDHP					
Medical	\$ 111,000,000		\$ 143,000,000	\$ (1,500,000)	\$ 141,500,000
RX	\$ 33,000,000		\$ 31,800,000	\$ (1,000,000)	\$ 30,800,000
RX Rebates	\$ (6,000,000)		\$ (8,000,000)	\$ -	\$ (8,000,000)
RX Net of Rebates	\$ 27,000,000		\$ 23,800,000	\$ (1,000,000)	\$ 22,800,000
GRAND TOTAL NET Rebates	\$ 138,000,000		\$ 166,800,000	\$ (2,650,000)	\$ 164,150,000
DENTAL					
Dental Active & COBRA	\$ 12,000,000		\$ 13,000,000	\$ -	\$ 13,000,000



Gallagher Public Entity & Scholastic Group
a Division of Gallagher Benefit Services, Inc.

Revised to include Addendums

This version replaces version submitted by hand on 5/19/17

RFP RWS0503

ACTUARIAL AND CONSULTING SERVICES FOR BENEFIT PROGRAMS
AND CONSULTING SERVICES FOR COMPENSATION PROGRAMS

ARTHUR J GALLAGHER & CO.



CITY OF AUSTIN
SCOPE OF WORK
ACTUARIAL AND CONSULTING SERVICES FOR BENEFIT PROGRAMS
AND CONSULTING SERVICES FOR COMPENSATION PROGRAMS
SECTION 0615-1: PRICE PROPOSAL FORM-BENEFIT PROGRAMS
SOLICITATION NUMBER: RFP RWS0503

	Primary Consultant/ Actuary Estimated Hours		Total Cost	Secondary Consultant/ Actuary Estimated Hours		Total Cost	Analyst Estimated Hours		Total Cost	Additional Personnel Estimated Hours		Total Cost	Other Itemized Direct Costs (to include onsite presentations)		Total Cost	Total Not to Exceed Program Cost
	Hours	Rate	=	Hours	Rate	=	Hours	Rate	=	Hours	Rate	=	Hours	Rate	=	
3.4.1 Fiscal Year Expenditures and Rates	30	\$ 400	\$ 12,000	50	\$ 275	\$ 13,750	50	\$ 200	\$ 10,000	20	\$ 125	\$ 2,500			\$ -	\$ 38,250.00
3.4.2 Plan Design Changes	30	\$ 400	\$ 12,000	30	\$ 275	\$ 8,250	30	\$ 200	\$ 6,000	10	\$ 125	\$ 1,250			\$ -	\$ 27,500.00
3.4.3 GASB Compliance - Other Postemployment Benefits	5	\$ 400	\$ 2,000	15	\$ 275	\$ 4,125	10	\$ 200	\$ 2,000	10	\$ 125	\$ 1,250			\$ -	\$ 9,375.00
3.4.4 Quarterly Performance Report	40	\$ 400	\$ 16,000	40	\$ 275	\$ 11,000	80	\$ 200	\$ 16,000	80	\$ 125	\$ 10,000			\$ -	\$ 53,000.00
3.4.5 Annual Report	30	\$ 400	\$ 12,000	30	\$ 275	\$ 8,250	80	\$ 200	\$ 16,000	80	\$ 125	\$ 10,000			\$ -	\$ 46,250.00
3.4.6 Annual Employer Survey	10	\$ 400	\$ 4,000	20	\$ 275	\$ 5,500	60	\$ 200	\$ 12,000	60	\$ 125	\$ 7,500	1	\$ 15,000	\$ 15,000	\$ 44,000.00
3.4.7 Auditing																
1. Medical Claims Administrator Audit	30	\$ 400	\$ 12,000	30	\$ 275	\$ 8,250	40	\$ 200	\$ 8,000	80	\$ 125	\$ 10,000	1	\$ 10,000	\$ 10,000	\$ 48,250.00
2. Pharmacy Benefit Manager Audit	15	\$ 400	\$ 6,000	25	\$ 275	\$ 6,875	40	\$ 200	\$ 8,000	80	\$ 125	\$ 10,000	1	\$ 10,000	\$ 10,000	\$ 40,875.00
3. Dental Claims Administrator Audit	5	\$ 400	\$ 2,000	5	\$ 275	\$ 1,375	20	\$ 200	\$ 4,000	20	\$ 125	\$ 2,500	1	\$ 10,000	\$ 10,000	\$ 19,875.00
4. Flextra Claims Administrator Audit	5	\$ 400	\$ 2,000	5	\$ 275	\$ 1,375	20	\$ 200	\$ 4,000	20	\$ 125	\$ 2,500	1	\$ 10,000	\$ 10,000	\$ 19,875.00
3.4.8 Vendor Proposal Development, Evaluation, and Negotiation Assistance																
1. Medical Claims Administration Component	20	\$ 400	\$ 8,000	30	\$ 275	\$ 8,250	80	\$ 200	\$ 16,000	10	\$ 125	\$ 1,250			\$ -	\$ 33,500.00
2. Individual Medical Stop-Loss Component	5	\$ 400	\$ 2,000	5	\$ 275	\$ 1,375	10	\$ 200	\$ 2,000	10	\$ 125	\$ 1,250			\$ -	\$ 6,625.00
3. Pharmacy Benefit Management Component	20	\$ 400	\$ 8,000	30	\$ 275	\$ 8,250	80	\$ 200	\$ 16,000	10	\$ 125	\$ 1,250			\$ -	\$ 33,500.00
4. Care Management Component	15	\$ 400	\$ 6,000	15	\$ 275	\$ 4,125	15	\$ 200	\$ 3,000	10	\$ 125	\$ 1,250			\$ -	\$ 14,375.00
3.4.9 Retiree Medical Plan Options	20	\$ 400	\$ 8,000	20	\$ 275	\$ 5,500	30	\$ 200	\$ 6,000	20	\$ 125	\$ 2,500			\$ -	\$ 22,000.00
3.4.10 Compliance Assistance	0	\$ 400	\$ -	0	\$ 275	\$ -	0	\$ 200	\$ -	0	\$ 125	\$ -			\$ -	\$ -
3.4.11 Annual Strategy Meeting	20	\$ 400	\$ 8,000	20	\$ 275	\$ 5,500	40	\$ 200	\$ 8,000	40	\$ 125	\$ 5,000			\$ -	\$ 26,500.00
3.4.12 Other Services	0	\$ 400	\$ -	0	\$ 275	\$ -	0	\$ 200	\$ -	0	\$ 125	\$ -			\$ -	\$ -
Total for First Year																\$ 483,750.00

Hourly Rate Option

Indicate the maximum cost increase, if any, for each of the subsequent contract years.

Year:	#1	#2	#3	#4	#5	Total Contract:
Maximum percentage increase:	0%	0%	0%	0%	0%	
Grand Total Not To Exceed Cost:	\$483,750.00	\$483,750.00	\$483,750.00	\$483,750.00	\$483,750.00	\$2,418,750.00

Flat Fee Option

Year:	#1	#2	#3	#4	#5	Total Contract:
Maximum percentage increase:	0%	0%	0%	0%	0%	
Grand Total Not To Exceed Cost:	\$425,000.00	\$425,000.00	\$425,000.00	\$425,000.00	\$425,000.00	\$2,125,000.00

Gallagher's feels it is in the client's best interest to engage us on a flat retainer paid in equal monthly increments. This method allows Gallagher to offer the most robust service model possible without fear that the client will feel we are "running up" the hours. Gallagher is willing to offer the an all inclusive annual fee of \$425,000 with a 0% increase for 5 years

CITY OF AUSTIN
SCOPE OF WORK
ACTUARIAL AND CONSULTING SERVICES FOR BENEFIT PROGRAMS
AND CONSULTING SERVICES FOR COMPENSATION PROGRAMS
SECTION 0615-2: PRICE PROPOSAL FORM-COMPENSATION PROGRAMS
SOLICITATION NUMBER: RFP RWS0503

	Primary Consultant/Actuar y Estimated Hours		Total Cost	Secondary Consultant/Actuar y Estimated Hours		Total Cost	Analyst Estimated Hours		Total Cost	Additional Personnel Estimated Hours		Total Cost	Other Itemized Direct Costs (to include onsite presentations)		Total Cost	Total Not to Exceed Project Cost
	Hours	Rate	=	Hours	Rate	=	Hours	Rate	=	Hours	Rate	=	Hours	Rate	=	
3.5.1 Total Compensation (Rewards) Report	25	\$ 450.00	\$ 11,250.00	50	\$ 350.00	\$ 17,500.00	100	\$ 200.00	\$ 20,000.00			\$ -			\$ 18,000.00	\$ 66,750.00
3.5.2 Equity Study	10	\$ 450.00	\$ 4,500.00	30	\$ 350.00	\$ 10,500.00	100	\$ 200.00	\$ 20,000.00			\$ -			\$ 18,000.00	\$ 53,000.00
3.5.3 Market Study	25	\$ 450.00	\$ 11,250.00	100	\$ 350.00	\$ 35,000.00	350	\$ 200.00	\$ 70,000.00			\$ -			\$ 18,000.00	\$ 134,250.00
Total for First Year																\$ 254,000.00

Indicate the maximum cost increase, if any, for each of the subsequent contract years.

Year:	#1	#2	#3	#4	#5	Total Contract:
Maximum percentage increase:	5%	5%	5%	5%	5%	
Grand Total Not To Exceed Cost:						\$ -

Recommend combining onsite presentations across the three services as much as possible. Our cost estimation above includes an onsite visit for each project at the start and conclusion for a flat rate of \$4500/day for the primary and secondary consultant. This brings the estimated total to \$18,000 for each phase. However, this estimate could be changed by combining meetings across the projects.



Arthur J. Gallagher & Co.
BUSINESS WITHOUT BARRIERS™

About Us

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Introduction

Cost increases. Marketplace uncertainties. Regulatory pressures.

These challenges loom large in Human Resources' ongoing quest to balance a happy workforce with a healthy bottom line. The good news is that even though challenges are everywhere, so are solutions.

Consider some of the latest findings from Arthur J. Gallagher & Co.'s national 2017 Benefits Strategy and Benchmarking Survey:

- High deductible health plans continue to gain acceptance as a way to temper rising healthcare costs, and are now offered by over 34% of organizations – second only to PPOs.
- Employers are adopting benefits technology at a faster rate – 87% provide a portal, and the number of organizations that adopt mobile benefits applications is expected to triple in the near future.
- Prescription coverage is one of the main drivers of increased healthcare costs and copayments – part of about 95% of plans – are the dominant cost-sharing mechanism.
- Voluntary benefits continue to increase in popularity and provide value to employers in all U.S. industries, offering the flexibility to meet individual employee needs at a minimal expense to the organization.

What are the right choices for you and your organization? Before you can manage the complexities of today's benefits marketplace, you need to decode them and learn what they mean for you.

Gallagher can help you make sense of your benefits options. With more than 2,500 benefits services employees and over 170 office locations worldwide, The City of Austin has access to a local team backed by a network of global resources. Industry practitioners and compliance professionals add the specialized insight needed to help you resolve the financial, legal and corporate culture issues that affect your employee benefits decisions.

Because data drives decisions at Gallagher, our analysts, actuaries and clinicians also put the power of predictive models, health risk assessment tools, industry benchmarks and data from over 1,200 client companies to work for you. The results give you a true understanding of factors that may be affecting the costs and performance of your benefits program.

In total, you'll have a partner who works closely with you to break through business barriers and develop long-term benefits strategies and innovative solutions that support growth while minimizing risk. We are confident that once you review this proposal you will agree that Gallagher is fully qualified to exceed your expectations.

We look forward to serving as your expert, advocate and guide in creating a total compensation and benefits program that positions The City of Austin as an employer of choice. Together, we'll bring the right talent to your door and keep them engaged once they're hired.

Company Overview

Value Proposition

The ability to deliver comprehensively structured compensation and employee benefits solutions to clients is Gallagher's signature in the marketplace. Often, those clients also cite their experience of that delivery – the way we do business together.

Services include program design and delivery, administration, and ongoing analysis and evaluation that keep your programs calibrated with your expectations. Our areas of expertise are Executive Benefits, Health & Welfare, Healthcare Analytics, Human Resources & Compensation, Institutional Investment & Fiduciary Advisors, Multinational Benefits & Human Resources, Retirement Plan and Voluntary Benefits.

At Gallagher, we want to know what makes your organization unlike anyone else's. Your account team listens intently to learn about your business, and delves deeply into all the details that matter when balancing employee satisfaction with your bottom line. This single-minded focus on excellence – characterized by innovation and creativity – is the driving force behind every Gallagher customized employee benefits program.

Support comes from every direction. Besides your core Gallagher team, you'll have access to the specialized knowledge that innovative custom solutions require. Our professionals have years of employee benefits services experience, including specialized expertise in municipalities, and thoroughly understand the complex financial, legal and corporate culture issues that weigh on your benefits decisions. Gallagher has 27 dedicated compliance professionals averaging more than a decade of benefits compliance experience, and 17 of them are licensed attorneys.

Because data drives decisions at Gallagher and the advice we give to you, we have an in-house team of analysts, actuaries and clinicians to provide you with consulting and proprietary data warehousing. They use predictive models, health risk assessment tools, industry benchmarks and data from over 1,200 Gallagher client companies to give you a true understanding of the underlying issues that may be affecting the costs and performance of your benefits program.

Gallagher acts on your best interests in the near term, helping you break through business barriers to develop long-term strategies that support growth, reduce risk and strengthen your organization.

Company History

Arthur J. Gallagher & Co. opened its doors for business in 1927 and is still "growing strong" because of a practiced ability to help clients think ahead. Founded by its namesake who was previously the leading producer for Chicago's largest insurance brokerage, Gallagher is now one of the world's largest insurance brokerage and risk management services firms. At year-end 2015 we had more than 20,300 employees, an increase of more than 19% from year-end 2014. We have operations in 24 countries, and extend our client-service capabilities to more than 140 countries through a global network of correspondent brokers and consultants.

The City of Austin

Since 1961, we've been helping clients overcome business barriers and create new opportunities to cost-effectively attract, retain and productively engage the best performers in their field. Gallagher started trading on the NYSE under the symbol AJG in 1984.

Gallagher has maintained its steady growth through new business development and acquisitions. In recent years we acquired dozens of independent employee benefits consulting firms and allied service providers. This strategy continually adds some of the brightest minds in the employee benefits business to our talent pool, and serves clients through an expanding local office presence as well as our national and multinational practice and service groups.

As an industry-leading provider of employee benefits brokerage, consulting and administrative services with a strong growth record, we are well positioned to develop and administer programs that support a marketplace advantage for your organization.

Company Culture and Philosophy

The ideals, principles and values embodied by the founder whose name still appears on our door are part of our corporate DNA. Gallagher's approach to business, cultivated through three generations of family leadership, has always centered on creating relationship value as true partners to our clients.

Gallagher's interactions with you will be straightforward and candid. By earning the trust of our clients, we've sustained a reputation for ethics and a commitment to transparency that continue to contribute to our growth. In fact, Gallagher was the first insurance broker named to the Ethisphere® Institute's annual list of the World's Most Ethical Companies in 2012 – and was again recognized in 2014.

The high standards of conduct we've set for our external professional relationships are the same rules we follow internally. *The Gallagher Way*, a one-page document that outlines our 25 shared values, was written in 1984 but is just as culturally relevant today. These tenets all speak to the value of relationships and several of them set guidelines for ethical behavior.

Today's complex marketplace requires a trusted partner who is committed to making a genuine difference in the health and welfare of both your valued employees and your bottom line. Gallagher combines innovative solutions, thoughtful advice and honest business practices to minimize risk and help fuel *your* growth.

Mission and Values

Gallagher's mission is to:

- Build the best benefit services practice with brokers and consultants who understand the value of building relationships and trust, and creating experiences and results that inspire our clients' confidence
- Provide superior, cost-effective benefit products and services that meet the ever-changing needs of employers, while striving for the highest professional excellence in the delivery of those solutions
- Measurably help organizations manage and grow their businesses through our benefit services expertise and counsel

The City of Austin

Gallagher will accomplish this mission with the kind of leadership that maintains our philosophy and continues to strengthen our company culture. We will honor the moral and ethical standards that are inherent to building trust in all relationships, and clients' confidence in our ability to create and maintain a Gallagher team that is the very best at what we do.

The Gallagher Way

The Gallagher Way is a one-page document, written by our former Chairman and CEO Robert E. Gallagher, which defines the Gallagher culture. It describes the principles, behaviors and beliefs that have produced great work – and great working relationships – at Gallagher since the company was founded. These 25 shared values guide business conduct for each of us as individuals, and all of us as a team. You'll find them listed on our website at: <http://www.ajg.com>

Arthur J. Gallagher & Co.

Arthur J. Gallagher & Co., one of the world's leading insurance brokerages and risk management firms, plans and administers customized and cost-effective insurance, reinsurance, risk management, self-insurance claims management, and employee benefit products and services. These products and services are provided through an organization of specialized companies:

Property/Casualty Services

Artex Risk Solutions, Inc., provides access to the many specialized insurance and reinsurance companies operating within a marketplace that includes North America, Bermuda and the Caribbean, performs risk analysis and claims advocacy, and acts as a captive manager and an intermediary in providing services to pools, captives, rent-a-captives, risk retention groups and self-insurance arrangements.

Arthur J. Gallagher Risk Management Services, Inc., Gallagher's largest division, specializes in structuring property/casualty insurance and risk management programs for commercial, industrial, institutional and governmental organizations through its offices in the U.S. and through a network of strategic alliance partners in more than 140 countries.

Arthur J. Gallagher Australasia Holdings Pty Ltd provides a full range of property/casualty solutions for wholesale and retail clients in Australia and New Zealand. Retail brokerage services are provided by Arthur J. Gallagher (Aus) Pty Ltd, which offers cost-effective insurance and risk management solutions.

Arthur J. Gallagher (UK) Limited is a Financial Services Authority (FSA) registered broker and approved Lloyd's of London broker that accesses Lloyd's and other London and international insurance and reinsurance markets. It places risks for Gallagher's own brokers, other brokers/carriers and direct retail clients worldwide, across all aviation, marine and non-marine classes.

Risk Management Partners Ltd. markets insurance and risk management products and services to U.K. public entities through offices in England and Scotland.

Property/Casualty Third-Party Administration

Gallagher Bassett Services, Inc. provides a broad range of risk management services – including claims and information management, risk control consulting and appraisal services – to help corporations and institutions reduce their costs of risk.

The City of Austin

Gallagher Bassett Services Pty Ltd. provides claims management services, workcover (workers compensation), crisis management claim handling and consulting, loss control and information management services to clients in Australia and New Zealand.

Gallagher Bassett Canada Inc. provides claims management, workers compensation oversight, appraisal and information management services to Canadian and U.S. clients.

Gallagher Bassett (UK) provides Pan-European claims management, loss control and information management services to clients.

MountainView Software Corporation designs standardized and customized electronic claims reporting and claims management software that enables users to submit/view claims, such as OSHA 300, workers compensation, state First Report of Injury, property, and general and auto liability via the Internet, as well as generate loss runs and claims analysis reports.

Shelter Island Risk Services provides data consulting services to members of the insurance industry, including carriers, brokers and third-party administrators as well as directly to risk managers of companies.

Western Litigation, Inc. (WLI) is a national litigation and claims management firm, staffed by experienced professional liability trial attorneys and insurance claims executives. WLI is dedicated to the healthcare industry, and its client base covers a wide spectrum of healthcare entities, including hospital systems, physician groups, healthcare captives and risk retention groups.

Wholesale Services

Arthur J. Gallagher Australasia Holdings Pty Ltd provides a full range of property/casualty solutions for wholesale and retail clients in Australia and New Zealand. Wholesale services are provided by Australis Group (Underwriting) Pty Ltd, a multiple lines general insurance and reinsurance underwriting agency.

Arthur J. Gallagher (UK) Limited is a Financial Services Authority (FSA) registered broker and approved Lloyd's of London broker that accesses Lloyd's and other London and international insurance and reinsurance markets. It places risks for Gallagher's own brokers, other brokers/carriers and direct retail clients worldwide, across all aviation, marine and non-marine classes.

Risk Placement Services, Inc. operates as a traditional wholesale broker, managing general agent and program manager, working with both Gallagher and non-Gallagher producers, and has access to all major excess/surplus lines carriers. Its operating units include: ARM of California, Castle Insurance Associates, National Insurance Professionals Corporation, Edwin M. Rollins, Healthcare Insurers, Yanoff Companies, Yanoff South, Alternative Market Specialists, WorkCare Northwest and CoverageFirst.com.

Employee Benefit Services

Gallagher Benefit Services, Inc. and its divisions provide a full range of employee benefits services including benefits strategy, plan design and management, employee communications, and compliance.

Your Client Team

Putting together all of the pieces of the employee benefits program puzzle, from innovative plan design to solutions for addressing complex regulations, requires an experienced partner with the expertise to identify, implement and strategically manage the entire spectrum of options. Specifically, you need programs that allow you to recruit, retain and reward your best employees, while lessening your HR department burden and carefully managing your employee benefits costs.

Gallagher is in the business of removing barriers to practical insights and productive actions that can help employers develop and maintain a competitive employee benefits strategy. We are a caring partner and committed expert in the Public Sector.

Your Gallagher team combines experience in developing and delivering innovative benefits strategies, compelling employee communications, time-saving administrative support and knowledgeable compliance and legislative services. Using Gallagher's benefits delivery process, we make sure every facet of your program aligns with your employee benefits strategy. With Gallagher as your partner, you can be certain that your needs will be fully served now and well into the future.

How We Work

It is critical that Gallagher gets to know The City of Austin through and through. We take the time to ask the right questions so that you can consider the right recommendations.

Your account team will explore how you have delivered your employee benefits in the past and will listen to understand your current and future goals. By fully addressing The City of Austin's challenges, benefit objectives and business goals, your consultants gain the insights they need to help you act strategically in the present to support your long-term success. This rigor allows us to apply the full benefit of our industry experience, to your situation.

Gallagher will then prepare recommendations for your program, constantly monitoring their fit with your needs and company culture and making adjustments if required. We will implement our mutually developed plan, completing outlined activities and meeting targeted objectives to optimize your total experience and outcomes.

Thorough project management leaves nothing to chance. So your Gallagher team will develop a calendar with specific actions and deadlines for your program's implementation, and constantly monitor and report on key milestones throughout the year. Meetings with The City of Austin will be run efficiently and effectively with tight agendas and expected outcomes. You can rely on our prompt follow-up after each meeting to recap key activities, identify next steps and assign accountabilities and timeframes for all work.

Communications are very important to a successful partnership. Your advisors are good listeners. Gallagher makes it a priority to understand how you prefer to work and communicate.

Making the transition as smooth and easy as possible for The City of Austin is our first priority. We value and will act on your feedback, and we'll also ask you to formally rate your experience by completing a report card.

Your Gallagher Team

Your Gallagher team will be your local resource that puts the strength of our entire 2,500-person global benefits team to work for The City of Austin's employee benefits program. Areas of expertise include:

- Public Sector industry experience
- Experience with all types of benefit programs
- Strategic planning and consulting
- Carrier underwriting and negotiation
- Relationship management and executive presentations
- Employee communication programs for Public Sector organizations
- Compliance and regulatory support
- Human Resource department systems and processes
- Market research and statistical reporting
- Third party administration and ancillary services
- Wellness and disease management programs

Senior Benefit Consultant

Your Gallagher team is led by Senior Benefit Consultant Nick Long has years of experience and in-depth knowledge of employee benefits and industry trends. He excels in structuring plans, conducting program analysis and meeting client objectives. Nick is also responsible for the team and is charged with ensuring resources are available at all times to meet your needs.

Plan Administrators

The Donna based customer service unit will manage all aspects of The City of Austin's program and will be your daily contacts whenever you need help. They are experts in administering benefit plans, including employee communications, analysis and reporting, carrier negotiations and problem solving.

Specialized Support

Complementing your local Gallagher team are our corporate and regional industry experts who provide specialized client support. They monitor and communicate on legislative and compliance issues, provide actuarial support and analysis, and audit plan performance, systems and tools. Their integrated efforts help you manage your benefit plans and costs based on the latest trends, research and carrier information.

Together, these Gallagher professionals will provide The City of Austin an unsurpassed client experience and the most competitive employee benefits plan possible.

Plan Design and Analysis

Your Gallagher team will always begin with your needs in mind. They will work with The City of Austin to fully understand your employee benefit strategies and priorities, including cost containment, employee satisfaction and engagement, industry competitiveness, your benefits philosophy and other concerns.

With experience in Public Sector, we know what's typical in your industry and can help you gain or maintain a competitive advantage. We also know that the right combination of benefits can differ within an organization, and will develop plans that meet the needs of your employees at all levels.

If you're interested in controlling costs with new concepts, ideas, and trends in health plans, we'll help you explore your options. Gallagher has designed and implemented several types of consumer-driven plans. Through our liaison with Bright Choices, one of the options we offer is Gallagher Marketplace, a private exchange with a defined contribution model. The City of Austin might also benefit from taking a look at plan funding, stop loss levels, administration, developing and measuring wellness programs, coordinating dependent audits, evaluating pharmacy benefits management programs and other mechanisms.

Gallagher leverages the latest in sophisticated analysis techniques from our Healthcare Analytics actuarial division. As we build your program together, our in-house specialists review your benefits experience and create models to determine the effects of multiple plan design scenarios. Your completed program will be carefully monitored and you'll receive detail and summary reports at regularly scheduled intervals.

One of Gallagher's key competitive strengths is the ability to provide clients with an in-depth analysis of benefit-related issues. Reports that will be available to The City of Austin include:

Monthly Reports

- Summary of Plan Costs
- Analysis of Actual Versus Budget
- Identification of Employee Contributions
- Tracking of Large Claims
- Comparison of Claims to Aggregate Stop Loss
- Identification of Plan Costs by Specific Line of Coverage (i.e., Medical, Dental, Pharmacy, etc.)

Quarterly Reports

- Comparison of Plan Costs to Projections
- Identification of Services Provided
- Utilization Review
- Comparisons to Prior Claim Periods
- Plan Trends

Annual Reports

- Executive Summary of Program Expenses
- Comparison of Current Costs to Renewal Costs
- Renewal Alternatives
- Incurred But Not Reported (IBNR) Dollar Projections
- Overview of Specific Stop Loss Projections
- Future Plan Cost Projections
- Dollars Saved by Contract Negotiation

The City of Austin

- Percent of Benefit Dollars Paid by Employee
- Claims by Size
- Physician Visit Details
- Benefits Paid by Type of Service
- Plan Funding/Budget Comparison
- Fixed Expense Comparison

At Gallagher, we pride ourselves on being thorough. Through the initial analysis phase and with each subsequent plan renewal, we will review The City of Austin's plan goals. For instance, we will probe in the following areas:

General Business Environment

- Degree to which your needs for skilled/unskilled workers will increase/decrease in the next three to five years
- Areas of the country where your business may expand/contract
- Extent to which you will compete for staff within your industry and geographic location

Compensation and Benefits Philosophy

- Appropriate percentile to use for benchmarking with peers
- Proportion of overall compensation that should be represented by benefits
- Balance of cost considerations, competitiveness, and employee satisfaction that defines success

Cost of Plans

- Measurement of current benefit costs
- Potential growth or reduction of your benefits budget in the future
- Extent to which external trend factors affecting benefits can be absorbed by the benefits budget

Competitive Benefits Environment

- What level of comparative strength your benefits program offers in terms of your industry benchmark group
- Ideal comparative strength – at, above or below market
- Reasonableness of plan cost sharing within your industry and geographic area

Employee Satisfaction

- Components of benefit plans that are most important to your employees
- Employee understanding through effective benefits plan communication
- Extent to which employee satisfaction governs your benefit decisions

Plan Marketing and Procurement

When it comes to representing The City of Austin to carriers, Gallagher has the experience, the relationships and the independence you need. We know the markets and we know their specific strengths. As a result, we can objectively evaluate carriers that offer the right products for your individual needs. Gallagher maintains complete independence to remain objective in providing the most qualified carriers, vendors, networks and risk arrangements for each unique negotiation.

Your Gallagher team will leverage our extensive experience in handling renewals and open enrollments. We'll manage every detail of the marketing process, including:

- Strategic development to identify goals, analyze program costs, and review current and alternative funding arrangements
- Management of the renewal with the current carrier geared to achieving lower costs
- Recommendation on exploring alternatives to your current carrier
- Renewal timeline that covers every aspect from Request for Proposal (RFP) preparation to the delivery of employee communications
- RFP development that involves tailoring the RFP to the exact desires, needs, and financial directions provided by The City of Austin management
- Exploration of funding alternatives
- Evaluation of vendor responses to identify variations in coverage and cost
- Conduct finalist interviews to explore intangibles, such as personalities, service orientation and responsiveness
- Renewal analysis report, covering program, and claims cost projections as well as complete information on benefit designs
- Finalize decisions involving close collaboration with the Gallagher team and The City of Austin's HR management and executives

We don't stop here. After your employee benefits program is in place, Gallagher will proactively take the lead in monitoring the program's performance and work to resolve any issues that may arise, such as coverage disputes, billing issues, or service problems.

Vendor Management

Proper vendor management begins with the selection of the right partner for The City of Austin's employee benefits program. Gallagher interacts with vendors to truly understand their capabilities and offerings. You can be confident we'll recommend only those companies whose products and services combine the broadest and most effective range of options at a fair value. Gallagher has the experience, the relationships and the independence you need to get the most effective combination of rates, policy terms and plan design.

Your Gallagher team will negotiate performance guarantees with each selected vendor. We'll also meet with them on a periodic, scheduled basis to review their performance against these standards and resolve any issues. During our regular meetings with you, vendor management will always be included on the agenda.

To make sure the best interests of The City of Austin are represented in all interactions with vendors, Gallagher will handle all ongoing service in addition to negotiations. This includes support and training for your staff on how to work effectively with your selected vendors. We'll coordinate all of your open enrollment activities and support all of your communication needs.

The financial stability of Gallagher-recommended vendors is also very important in the selection process. We closely monitor vendors' financial status throughout the year and quickly communicate if a potential change might impact your program.

Customer Service

Exceptional and knowledgeable customer service is at the heart of our commitment to The City of Austin. One the first deliverables you'll receive is a Strategic Service Plan. The plan will outline your benefit objectives, set specific performance criteria for your Gallagher team and describe our method for determining that your objectives are met.

The next step is to evaluate progress. We'll meet regularly with you to review your program and the performance of your Gallagher team. Our managing partner structure also allows The City of Austin to rely on a central point of contact to discuss any service concerns or challenges. Any issues will be identified and quickly resolved.

Our experienced customer service team is available via a toll-free number each business day from 8:00 am to 6:00 p.m. Central Time to answer questions from your employees and HR administrators about benefits, claims issues, provider issues, HIPAA compliance and general HR matters. Service is available in both English and Spanish.

Employee Benefits Industry Practices

While all businesses have many of the same employee benefits needs, each industry has its own particular challenges in providing its employees the right set of benefit options. For instance, standard work hours might differ from industry to industry, so enrollment and communications challenges will vary. Also, certain laws or regulations may impact one industry and not another. At Gallagher, we have understood the need for specialized services that address these differences since 1927.

Public Sector

Budgeting for the public sector is a complex process with multiple stakeholder groups and the need to factor the changing regulatory landscape, including healthcare reform. With over 1,500 public entity and school clients, Gallagher's Public Sector Practice is solely dedicated to serving the needs of public employers and school districts. The City of Austin will have a partner who is a national leader in working with states, counties, cities, government employers and K-12 public schools and special education districts.

The public sector practitioners at Gallagher, led by a full-time practice leader, have spent years understanding and providing for the nuances of your industry. We actively participate in the community, including organizations such as ASBO, PRIMA, GFOA and NPELRA, so we know the market, the players, the legislation and the cost factors.

As a provider of services to the public, we understand that The City of Austin faces unique challenges. Your organization is exempt from certain laws and governed by others that may allow for flexibility and cost efficiency. Tax revenue streams and other sources that are subject to change drive the design and financing of your employee compensation and benefit programs. Also, in many cases, The City of Austin's decisions are affected by collective bargaining agreements and intense public scrutiny.

Your Gallagher team takes these factors into consideration. We bring a broad range of public sector-focused solutions and expertise such as collective purchasing, benchmarking data and healthcare utilization review and analysis. With our industry specialization and large number of public entity and scholastic clients, you have instant access to industry benchmarks through your consultants.

Gallagher will strengthen The City of Austin with:

- Guidance throughout the bargaining process and recommendations on best practices moving forward
- Communication with employees so they understand the value of their benefits package
- Deep understanding of compliance and legal issues, including healthcare reform and labor laws
- Collaborative communication with key stakeholders to build consensus and resolve issues

As a partner to The City of Austin, Gallagher will create a total compensation program that aligns your financial realities with employee expectations and your organization's goals. We'll help you clear away the barriers presented by complex issues and serve the public in a fiscally responsible way — now and well into the future.

Consulting Services

Executive Benefits

Employers seeking leverage in recruiting and retaining effective leadership know that executive benefits are often pivotal to career choices. Top executives expect sophisticated, comprehensive plans, and employers that meet this expectation are most likely to keep solid management teams in place.

Against this backdrop, executive compensation, benefits and rewards keep evolving. Tax laws, regulatory requirements and scrutiny by governmental agencies and the general public all impact how organizations reward their executives.

Your Gallagher team will bring a big-picture outlook to The City of Austin's strategic discussions about executive benefits, deferred compensation and other customized solutions for all types of asset allocation, income needs, wealth planning and wealth accumulation programs. We'll start the conversation by asking what isn't working and what defines your "perfect world," and then work with you to find solutions. If you have coverage gaps in income, life insurance or disability plans, Gallagher solutions can bridge them so that your top executives are working toward a comfortable retirement.

The problem-solving culture at Gallagher supports The City of Austin's goals with benchmarking analytics and a proprietary five-phase process. In addition, a vendor-neutral approach ensures access to dozens of carriers so that your programs are completely customizable.

Your executive benefits team will encourage autonomy and control among your top executives to help you promote a total compensation discussion that reflects your organization's goals and initiatives. By recruiting, retaining and rewarding your top talent with customized benefits and compensation packages, we'll also help The City of Austin secure the future and build business value.

Health & Welfare Consulting

What's your strategy for making sure your organization is as healthy, sustainable and competitive as it can be in this historic era of change? One of the best competitive moves you can make is to invest in the health and welfare of your organization, your employee culture and your workforce.

Gallagher's Health & Welfare Consulting team can help The City of Austin manage change and simplify workforce planning with a strategic, innovative approach to benefits and compensation rewards. We will partner with you to design, implement and manage a cost-effective benefits program plan that's structured to reduce costs, improve workforce productivity, educate employees, mitigate risk and help you attract, develop and engage top talent.

Holistically designed solutions create a big-picture benefits program that is fairly priced, competitive within your industry and region, and aligned with The City of Austin's operational goals and budget. Your reward will be healthier employees, more efficient processes and workflows, improved recruiting and retention and more effective compliance strategies.

Gallagher also strengthens The City of Austin with:

The City of Austin

- Innovative services and solutions for private exchanges, benefit stop-loss captives, data warehousing, workforce evaluation tools and other needs
- Communications for an informed workforce that understands the value of the benefits and compensation you provide
- Customized strategies to control the costs of claims, liability, noncompliance and data security
- Expert data analysis, interpretation and forecasting to improve budgeting and decision making
- Risk management and wellness strategies that resonate with employees and foster a culture of health and wellness
- A full range of pharmacy benefit management consulting services that help control your overall health plan costs

Local, regional, and national professionals apply the most updated knowledge on:

- Medical plans including consumer-driven health plans, health savings accounts and health risk assessment/wellness programs
- Life insurance and accidental death and dismemberment coverage
- Long-term and short-term disability
- Voluntary and worksite benefits

The many specialized services available to The City of Austin's HR department are:

- Compliance consulting to meet your regulatory obligations, including compliance newsletters, alerts and seminars on FMLA, COBRA, HIPAA, ERISA and cafeteria plan rules
- Benchmarking for plan competitiveness and cost-effectiveness
- Online benefits administration
- Custom wellness and productivity programs
- Online communication solutions
- Merger and acquisition due diligence support related to compliance and potential liability
- Pharmacy consulting to best manage your prescription drug program
- Retiree healthcare to help your organization cope with rising retiree health costs and the aging of our population

At Gallagher, our teams specialize in disciplines including analytics, finance, compliance, governance, wellness, risk management and retirement. Each practice team brings industry-focused knowledge and expertise to energy, healthcare, higher education, public sector, hospitality and restaurant, private equity, religious and nonprofit and other organizations. They are uniquely qualified to assess your needs, provide guidance and help ensure that your benefits decisions align with your competitive objectives.

With the resources of a global partner and the customer focus of a dedicated team, The City of Austin can foster a culture of health and well-being and create an organization that's ready to seize opportunities, compete with confidence and thrive.

Healthcare Analytics

Placing a strategically solid employee benefits program in place is just the beginning. Good data drives deeper insights and better results, so today's HR staff must constantly monitor the performance of all components of their plans to make sure they are cost-effectively meeting the needs of their employees.

Gallagher's proprietary system synthesizes data from a wide range of sources to uncover the underlying cost drivers that affect The City of Austin's benefits plan. Real-world data is used to accurately identify your problem areas and provide a framework for objectively prioritizing your needs, vetting solutions and analyzing results. By using your raw claims data, our consultants detect performance issues that can be addressed, tracked and verified.

Data always drives strategy at Gallagher, and detailed diagnostics identify specific opportunities for cost savings and employee benefits performance improvements. An in-house team of analysts, actuaries and clinicians use predictive models, health risk assessment tools, benchmarks and data from over 1,200 Gallagher client companies through GBSInsider, our data warehouse. As our partner, The City of Austin has access to the only benefits firm with consulting expertise and proprietary data warehousing under one roof.

Healthcare analytics from Gallagher will assure The City of Austin that your plan is performing well against customized benchmarks. Through objective insights and strategic recommendations, we will help you optimize vendor performance to get the best medical outcomes for the lowest possible costs, and maximize the return on your employee benefits investment for years to come.

Human Resources & Compensation

What's your strategy to put the right talent in the right positions? How does your total rewards program drive employee engagement – and how does it compare to your competitors' offerings? With Gallagher's Human Resources & Compensation Consulting team, you will have a partner who understands the important, strategic role of human resources and can customize a solution that will help The City of Austin focus on – and achieve – meaningful business outcomes.

Your Gallagher team will dig deep to help you pinpoint the root causes of problems. In-depth audits and industry surveys help you see the big picture, so you understand the business effects of human resources and how The City of Austin's HR practices compare to your industry peers. Our consultants will combine these insights with intellectual capital and years of practical experience to create unique solutions – from Uniform and Non-Uniformed compensation to benefits administration, and the design and development of policies and procedures.

Through a practice dedicated to human resources and compensation, we can provide flexible, customized solutions informed by data analysis and competitive benchmarking. The focus is on bringing our broad-based knowledge and Public Sector experience to bear on your problems and opportunities – so you can see them from all sides.

We can strengthen The City of Austin with:

- A holistic approach to customized HR solutions that support long-range strategies and goals
- Broad-based compensation assistance including research, analysis and strategic recommendations
- Uniformed employees compensation program design to balance base salary, incentives and perquisites
- Support for HR teams – administration, program design and implementation of all HR activities
- Customized salary and benefit surveys by Gallagher Surveys

Your Gallagher consultant will guide you every step of the way through our consultative process with transparent, open dialogue. Your solution will make sense for your organization, your timetable and your budget, and will take a holistic approach that can bring meaningful change, sustainable growth and a competitive edge to The City of Austin.

Institutional Investment & Fiduciary Advisors

Both short- and long-term financial objectives face daily threats in changing market conditions. Achieving The City of Austin's portfolio goals requires the combined experience of skilled financial and fiduciary professionals. Gallagher's Institutional Investment & Fiduciary team approaches traditional and alternative investments as both an advisor and a discretionary fiduciary, including OCIO, over defined benefit plans, VEBAs, defined contribution plans, hybrid or "variable" pension plans, and healthcare and religious portfolios.

The City of Austin

Your team of senior investment and fiduciary professionals will conduct the analysis for The City of Austin, working directly with you to make educated and timely decisions informed by extensive research and market knowledge. Gallagher will operate with objectivity – independent and free of conflicts of interest. An open investment platform promotes customized solutions with only third-party investment funds (no proprietary funds); no “pay to play” money from investment managers and no soft dollars.

With a clear understanding of the benefits and risks to investment decisions, your Gallagher advisor will help The City of Austin make well-founded, informed choices. We can help you achieve your investment goals and manage your fiduciary liability.

Multinational Benefits & Human Resources

The business of business has truly gone global with markets more intertwined than ever before. Protecting The City of Austin from regulatory and compliance risks while meeting the needs of an international workforce is more important than ever.

At Gallagher, multi-discipline consulting expertise and proprietary technology allows your HR team to stay on top of evolving benefit topics around the world, such as employment conditions, legislative decisions, and regulatory and compliance issues. Your Multinational Benefits & Human Resources team will help The City of Austin manage your global benefits and meet the expectations of your global workforce with a comprehensive process, uniform reporting and trained advisors.

You will have extended support for your benefits from our global network of partners who live and work in many of the countries where The City of Austin does business. Your Gallagher team also brings a wealth of international benefits and global HR experience to your organization. From actuaries to risk-management consultants, the Gallagher Multinational Benefits & Human Resources team will provide complete services and expertise, so your organization and employees can thrive no matter where you do business.

Gallagher will strengthen The City of Austin with:

- Single-source accountability in the delivery of multinational services worldwide
- A Global Benefits Management System for managing HR activities worldwide from one dashboard
- Risk management strategies such as captives to help control the liabilities of international compensation and benefits
- Information services including compliance alerts and international news services around the world
- Decades of experience in mergers and acquisitions, and harmonization of benefit programs

As your global benefits partner, Gallagher will work with The City of Austin to create a total benefits and compensation solution that strengthens your multinational benefits offering, your relationship with an international workforce and your ability to compete worldwide.

Retirement Plan Consulting

Are you offering retirement plans that help your employees while meeting your organization's objectives? As your partner who is part financial expert, part strategist, part analyst and part communicator, Gallagher can help The City of Austin satisfy your fiduciary obligations as plan sponsor and fully understand your liabilities.

The goal of retirement plans and programs should be overall financial wellness for The City of Austin and your employees. Gallagher will create a well-planned retirement strategy for your organization based on a big-picture view of the future, a deep understanding of the retirement plan environment and an informed perspective. Our consultants address all aspects of employee retirement plans, investments, legislation, compliance, cost control, reporting requirements, ethics and other factors.

The City of Austin will have access to Gallagher's national resources and the personal touch of on-the-ground teams who understand local cultures and demographics. We'll provide comprehensive plan and investment consulting solutions including 401(k), 403(b), profit sharing and defined benefit that help secure your employees' financial health. And since we're not provider-aligned, guidance will come from consultants you know, and research and market insights that are customized for The City of Austin's industry or niche. We will help you improve your plan and manage your vendor relationships.

Gallagher strengthens The City of Austin with:

- Partnership and consultation to help you mitigate risk and avoid conflicts of interest
- A communications strategy to help employees clearly understand their retirement plan options, responsibilities and liabilities
- A retirement program that aligns with your corporate objectives while helping employees meet their individual goals

With our well-planned fiduciary management process and hands-on, consultative approach, Gallagher can mitigate your risk as a plan sponsor, prepare your workforce for retirement and improve confidence across The City of Austin's organization.

Voluntary Benefits

At Gallagher, we believe that a one-size-fits-all approach to employee benefits is not in the best interest of The City of Austin or your employees. A more effective strategy for the long-term success of your organization is to offer a wide selection of voluntary benefits. Options such as life, disability and critical illness insurance often determine how employees rate their program and their employer.

Results of the Gallagher 2014 Benefits Strategy and Benchmarking Survey of nearly 1,000 U.S. organizations showed that voluntary benefits continue to increase in popularity and provide value to employers in all industries and demographics. Two of the most popular benefits among participants were accidental death and dismemberment offered by over 75% of survey participants, and a stand-alone vision plan offered by almost 70% of respondents.

The City of Austin

Gallagher will help you craft the ideal set of voluntary options to help The City of Austin compete effectively for the right employees. Through single-source planning, record keeping and project management, we'll also support your overworked HR staff.

Your Voluntary Benefits team will start with a thorough analysis that determines the standard in your industry, what is missing from your benefits package and your long-term strategy for attracting and retaining employees. Our planning and evaluation models look three to five years out, so we can help The City of Austin build a voluntary benefits program that provides immediate results as well as a foundation for growth.

Clear communications are important at every step with everyone from the C-suite to new hires. Our team will help The City of Austin educate your workforce about the value of their benefits and make sure they know how to enroll.

Gallagher's enrollment processes are continuously measured, tested and refined to simplify the experience for your HR staff and employees. The focus is on ensuring The City of Austin's employees can make fully informed decisions whether they are evaluating their benefits package, considering a wellness program or navigating changes in their benefits due to healthcare reform policies. Clarity through education and communications can lead to increased participation in your benefits program and greater employee satisfaction.

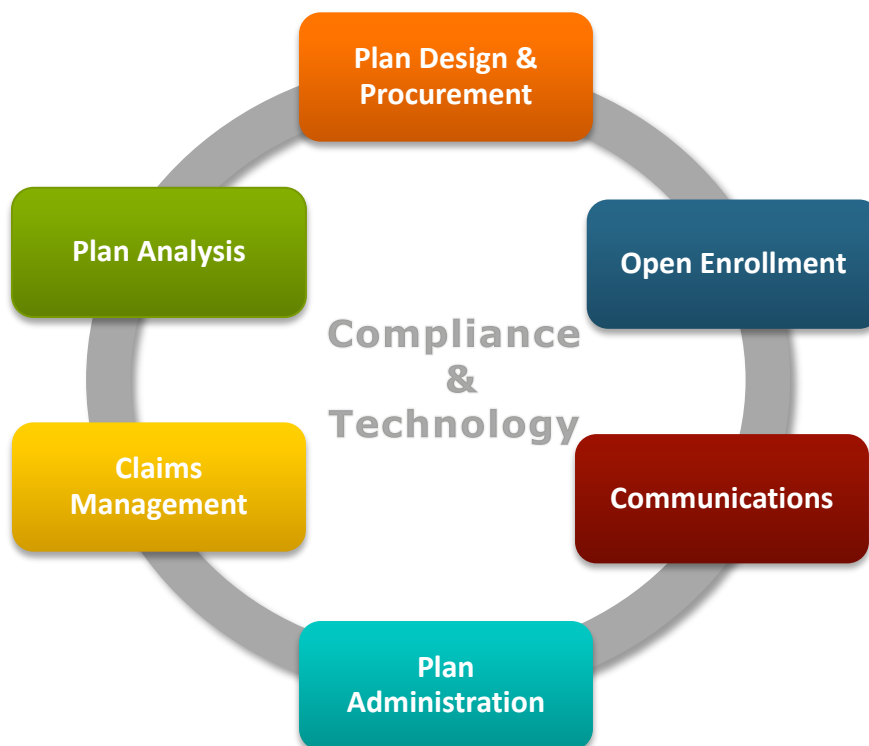
Voluntary benefits will provide your employees a choice of benefits that are most important to them without your incurring additional costs for your organization. Your Gallagher team will work with The City of Austin to identify and implement benefit options that increase employee job satisfaction, improve retention, boost productivity, enhance recruiting and ultimately, help differentiate your business as an employer-of-choice.

Benefits Delivery Process Solutions

Gallagher has developed a complete selection of solutions that are an important component of our benefits delivery process. You can count on these services and solutions to increase the quality of The City of Austin's employee benefits programs, help reduce your benefits costs or both.

Compliance and technology are at the core of our benefits delivery process and serve as the foundation for all other aspects of our services. Please refer to the illustration below for the Gallagher Benefits Delivery Process.

Gallagher Benefits Delivery Process



Legislative and Corporate Compliance Support*

Gallagher's compliance practice has a national canvas with a regional and local focus. Our dedicated experts, (5 licensed attorneys in Texas) average more than a decade of benefits compliance experience. These experienced professionals monitor legislative initiatives, regulatory developments, court cases and industry changes, and analyze their impact on The City of Austin's employee benefit plans. These resources will assure that we apply our understanding of the latest developments to help you manage your benefits program.

Gallagher will help The City of Austin comply with state and federal laws and regulations. Our experts will evaluate the design of your benefit plans and review relevant documents such as summary plan descriptions, insurance contracts and your employee benefit communications. Gallagher will help you identify potential problem areas and conduct a year-end review using our proprietary tools and resources to make certain that your benefit plans are in compliance with COBRA, ERISA, FMLA, HIPAA, cafeteria plan rules, healthcare reform and all other relevant laws and regulations.

Keeping The City of Austin well informed is a top priority at Gallagher. We publish a series of newsletters and bulletins, in addition to regular seminars and webinars, to keep you up-to-date on benefit issues. They include:

- **Healthcare Reform Update** – a monthly publication written by our own compliance experts on the latest healthcare reform developments and their potential impact on employers

- **GBS Directions** – a monthly publication featuring general interest articles on employee benefits and human resources
- **Technical Bulletin** – detailed white papers on proposed or new legislation

*It is understood and agreed that any such services provided by Gallagher shall not constitute the practice of law.

HR Technology – GBS Insight

GBS Insight uses a powerful portal framework to deliver secure, personalized online access to the latest information and tools that The City of Austin needs to effectively manage Human Resources and employee benefit programs.

Your HR staff can access these complementary core features of GBS Insight:

- **My Desktop** – a personalized workspace that quickly connects your staff to resources that best support their business needs. They can store links to frequently used websites and directly connect with their Gallagher account team. My Desktop also offers the latest industry updates through daily feeds from HR & Benefit Essentials.
- **My Documents** – a personal directory of documents that your administrative staff can safely share with your account team members who have sole access within Gallagher
- **My Benefit Plan** – readily available, electronic access to all of your benefits plan information for improved customer service
- **My Service Requests** – a secure message board that allows your staff to submit service requests with private health information to any member of your Gallagher account team, respond to request information and track your requests

Optional GBS Insight services add flexibility:

- **HReSource** – a dynamic search engine and knowledge base powered by Bloomberg BNA that delivers human resources, employee benefits, compensation, employment and regulatory information
- **Single sign-on** – access to Connect2MyBenefits, the HR administration side of the SmartBen online education and enrollment site, which serves as a virtual HR assistant that provides personalized communications and decision support tools for employers and employees
- **GBSInsider** – a proprietary data warehouse and online analytics reporting system that provides medical and prescription drug claims information, and uses established resources to provide low-cost analytics

Plan Design & Procurement

Actuarial Services

Actuarial services are provided through The City of Austin's local Gallagher team and our Healthcare Analytics group. Their experience in all forms of employee benefits actuarial work, including modeling, will help you measure expected cost differences. You'll be able to assess costs associated with different types of medical delivery systems, different provider networks, fee schedules within similar systems and variations in benefits plans.

Predictive Modeling of Plan Designs

Gallagher's in-house team of analysts, actuaries and clinicians use predictive models, health risk assessment tools, benchmarks and data from over 1,200 client companies through GBSInsider, our data warehouse. Modeling allows us to analyze different plan design scenarios and determine which plan design will perform best for The City of Austin. As our partner, you will have access to the only benefits firm with consulting expertise and proprietary data warehousing under one roof.

Healthcare analytics from Gallagher will assure The City of Austin that your plan is performing well against customized benchmarks. Through objective insights and strategic recommendations, we'll help you optimize vendor performance to get the best medical outcomes for the lowest possible costs. This disciplined, detailed approach support a maximum return on your employee benefits investment for years to come.

If you have needs related to stop loss coverage, Gallagher can address them through broad experience and close working relationships with the country's major stop loss carriers. Given our expertise in data modeling, data warehousing and consulting with reinsurers, we understand how stop loss rates are set. We'll bring that experience and expertise to the negotiating table on The City of Austin's behalf.

Open Enrollment

Open Enrollment and New Hire Orientation

Two of your best opportunities to communicate how much you care about your employees' well-being coincide with two of the biggest jobs for your benefits administrative staff. Open enrollment and new hire orientation are key touchpoints for influencing the employee experience, so they call for a carefully considered strategic approach. Designing programs specifically for your workforce and culture will return the greatest value on the time, effort and financials you invest in these priorities.

We can help you plan and carry out the most effective approaches to open enrollment and new hire orientation based on The City of Austin's unique communication style, including:

- Enrollment strategy
- Customized communications such as announcement letters, letters from your CEO, enrollment forms, open enrollment brochures, posters, articles for your internal newsletter and intranet, electronic information, payroll stuffers and other vehicles
- Customized presentation of open enrollment programs
- Open enrollment meetings
- Employee health fairs

To deliver the most impact through your communications, Gallagher continually researches and applies industry best practices. The City of Austin will have dedicated in-house communications professionals supporting this effort. The services of Gallagher's corporate graphics department, which is highly experienced in benefits enrollment communications design, are at their disposal.

You can also automate your open enrollment and new employee orientation, optimizing the experience for your employees by giving them 24/7 access to answers for their questions. These services are provided by one of Gallagher's preferred vendors.

Employee Education

Employee benefit programs can be confusing to even the most knowledgeable of The City of Austin employees. However, higher employee satisfaction and lower claims experience can be directly linked to your employees' understanding of your benefit programs.

Gallagher will offer The City of Austin a complete set of online tools for employee education and plan management, such as benefit portals, total compensation statement software and an automated form population module. In addition, our integrated eligibility management platform provides an ideal foundation for coordinating online enrollment tools if you decide to implement this option. We'll also help you evaluate the most current enrollment tools and techniques.

Communications

Employee Communications

It is imperative that The City of Austin's employees clearly understand your benefits program and the role it plays as a part of their total compensation package. Employees who have a greater understanding of their benefits program will value it more and will be more likely to stay with their organization. A strong communications program is also very important in a competitive recruiting environment.

Your communications strategy will address the cost drivers specific to your plan and adhere to The City of Austin's cultural and financial constraints. At the same time, it will provide your employees with a competitive benefits program that they highly value. This dynamic approach allows you to validate and define an effective long-term benefits strategy by aligning employer and employee needs.

In addition to employee communications strategy development, Gallagher's communications services, resources and technology solutions include:

- Open enrollment and new hire orientation materials
- Employee education programs and websites
- Total compensation and benefits statements
- Employee newsletters
- Benefits confirmation statements
- Employee communication sites
- Employee satisfaction surveys

Within Gallagher, you have the expertise and the commitment required to communicate a straightforward, compelling message about the value of The City of Austin's benefits program.

Web-based Employee Communications

Employees don't always want to wait for a busy HR staff to respond to requests and questions about their benefits coverage. Increasingly, they expect access to benefits information at any time and from any place. Gallagher can help The City of Austin reduce the burden on your HR administrative team and respond to your employees' needs through online, 24/7 access to benefits information and resources.

Through relationships with leading technology companies, we will connect you with online communications, administrative services and tools, and enrollment solutions that can help you and your employees fulfill benefits needs more efficiently and effectively.

Employee Benefit and Total Compensation Statements

Well-informed employees are more satisfied employees, which is why it's important for The City of Austin to make employees aware of all the employee benefits they receive.

Following your open enrollment period, Gallagher will provide a personalized annual benefits statement to each of your employees that presents the exact details of their benefits. We'll also provide total compensation statements, also known as hidden paychecks, to show the monetary value of these benefits. Improving your employees' understanding of the value of their total benefits and compensation package can help increase retention, strengthen recruiting results and position The City of Austin as an employer of choice.

Plan Administration

Third-Party Administration

With years of experience working with third party administrator (TPA) organizations, Gallagher can identify, negotiate and manage your TPA relationships, freeing your staff to concentrate on your broader HR strategy.

Flexible Spending Account (Section 125 Plan) Administration

Flexible spending accounts provide your employees with added flexibility in managing their healthcare costs and are a component of a top-quality benefits program. Gallagher can administer all aspects of these plans, including structuring, compliance management and employee communications.

COBRA Administration

Handling the medical coverage of former employees can be time-consuming. Gallagher can manage all aspects of The City of Austin's COBRA enrollment, monitoring and billing, and ensure compliance with all federal regulations.

5500 Filings

Gallagher can assist The City of Austin in the preparation and annual filing of 5500 forms from start to finish. To meet your needs, we have partnered with Wrangle LLC, a leading Form 5500 outsourcing firm. Wrangle has completed thousands of Form 5500s and has both the experience and expertise to handle a wide variety of situations. Gallagher and Wrangle can eliminate the burden of the Form 5500 filing process so that you can spend your time performing more valuable work and gain some peace of mind.

Benefits Administration Assessment

We have worked with thousands of Human Resources departments over the years and have a thorough knowledge of best practices in the industry. Gallagher will conduct a review of The City of Austin's HR practices and procedures related to administering your benefit programs, and will provide a report with recommendations citing opportunities for cost savings or other improvements.

Claims Management

Case Management and Utilization Review

To properly fund The City of Austin's program and meet your financial and benefit goals, you must understand the utilization reports provided by carriers and third party administrators (TPAs). Gallagher has the experience and expertise to analyze and evaluate this data.

A proprietary TPA claims audit process allows us to meticulously review and analyze large and randomly drawn, valid samples of claims. Special attention is given to areas where savings are most commonly found, such as COBRA, claims paid post-termination, recovery of overpayments, student dependents, claimant and provider eligibility, referral authorization and negotiated provider discounts. We also electronically audit claims by searching for duplicates and verifying eligibility against actual claims data.

Gallagher can manage the cases of the small percentage of employees who make up the bulk of The City of Austin's healthcare costs. Through our utilization review process, better rates on products and services can be negotiated.

Wellness and Productivity Strategies

Improving the health and well-being of The City of Austin's employees is good business. Sound, healthy employees are better employees who are more engaged, productive and reliable. A successful wellness program can also help your organization contain costs. Gallagher's model combines strategies and tactics for health promotion, risk identification, risk stratification, lifestyle programs, clinical programs and access to care.

Gallagher is experienced in helping our clients successfully implement wellness strategies and programs. We will use data to drive decisions, analyzing The City of Austin's medical and pharmaceutical data to identify hidden program costs. Predictive modeling provides insights into future costs. This data will be compared to an in-depth analysis of your current workforce demographics, and the results will speak to the alignment between your financial outcomes, plan design and employee composition.

Taking a look at employees' overall well-being, we integrate five elements of health including physical, emotional, financial, career and community. With your goals in mind, and a focus on executing to your plan and measuring results over time, Gallagher will:

- Assess current wellness programs and make recommendations on how to expand and improve them to create a culture of health and productivity
- Develop multi-year health and productivity strategies and budgets to achieve measurable health and productivity gains

- Create and implement data-driven health and productivity-based programs that support and enhance your organization's multi-year health strategy
- Identify health and productivity programs that will be put out to bid: conduct RFPs, select wellness partners, and negotiate and outline the scope of work along with pricing
- Assist in developing incentive programs tied to current or future health and productivity programs that will increase participation, engage employees and encourage behavioral change

Gallagher will also manage all facets of your wellness program to make sure that all components are aligned, including vendor and community partners, so that you maintain the integrity of the program and achieve program goals.

Disease Management Programs

A disease management program can have a significant and favorable effect on The City of Austin's benefit costs. With this program in place, you can reduce your expense as much as 10 percent by carefully monitoring the needs of the small number of employees who account for the majority of your healthcare spending.

Gallagher has developed a proprietary health management program designed for employers with 50 to 50,000 employees. This total health management program helps drive behavioral change and significant outcomes for clients. Gallagher can institute a disease management program for a disease type that is identified as a primary cost factor, and will evaluate the program for cost savings generated. With this detailed view, you will be able to base your future disease management efforts on the effectiveness of actual program results.

Plan Analysis

Data Analysis and Claims Benchmarking

Gallagher has ready access to vast and varied benchmarking data from proprietary tools and subscription sources. We can provide The City of Austin with benchmarking information on benefits, employer and employee contributions, medical utilization, cost analytics, and cost and network information. You will also have access to actuarial services for testing assumptions about multiple enrollment scenarios and benefits design.

In addition, Gallagher uses two benchmarking resources. They include:

- **GBSInsider** — Gallagher's own data warehouse platform will critically analyze data within your organization to provide an understanding of the costs associated with your medical benefit plan. With this tool, you'll be able to assess where, how and why healthcare costs are incurred and then compare your results with cost and utilization benchmarks in over 40 different medical service categories.
- **BenefitPoint** — our proprietary nationwide client database. With perspective gained from thousands of clients, you'll have access to very specific client-focused benchmarking down to a specific industry, locale or plan detail.

We are also highly experienced in conducting client-specific benchmarking and can target the specific industries where you compete.

Employee Satisfaction Surveys

Understanding the benefits program preferences and concerns of The City of Austin's employees can help you strengthen your offerings and show your employees you value their opinions. Using our online employee survey program, GBS Viewpoints, we can develop and implement employee surveys from design to analysis.

The results can be cross-tabulated by location or other variables you request during analysis, and supported by detailed and summary reports and recommendations based on the results. By relying on Gallagher to conduct your employee satisfaction surveys, your results are likely to be more credible because you will learn about your employees' true impressions of your programs.

Custom Market Studies

Gallagher's Healthcare Analytics team can provide Internet-based custom salary market studies to The City of Austin. All studies meet U.S. Department of Justice anti-trust guidelines for salary surveys and include these options:

- Local area surveys
- Industry surveys
- Trade and professional associations
- Single job surveys

Transition to Gallagher

The Transition Process

Gallagher assures The City of Austin an employee benefits plan transition that causes no disruptions to your HR staff or employees, and maintains employee confidence in your program. Our methodology has successfully transitioned thousands of plans over the years.

The process features a dedicated transition team expert in plan design, employee communications, carrier negotiations and customer service. First, your Gallagher team will present The City of Austin's HR management with a detailed transition plan including delivery dates and accountabilities. As the process is completed, regular meetings and status reports will keep you informed and confident that any issues will be identified and rectified before they become problematic.

Privacy and Security

Gallagher diligently protects the privacy and security of The City of Austin's plan data and is meticulous about taking extra precautions when handling that information. In compliance with strict security policies and procedures, all Gallagher employees with access to confidential information are regularly trained on security issues and HIPAA compliance.

All Gallagher locations have disaster recovery plans. They set contingencies for office space, computers and equipment, and provide detailed communications instructions, including staff contact trees.

The City of Austin

All of your data is stored on secure servers that are backed up each night and stored offsite while standby servers perform online duplication of critical issues. Finally, online access to relevant areas of our website is only possible through a Secure Sockets Layer (SSL) enabled web browser that supports encryption technology.

Fees and Commissions

The City of Austin will receive a full disclosure of all commissions and fees that Gallagher earned during the specific plan year.

All revenue received directly or indirectly that is related to services or products provided to The City of Austin, or placed on your organization's behalf, must be disclosed to The City of Austin. This requirement applies to ERISA and non-ERISA plans. Disclosure is done through the GBS Compensation Disclosure Statement and Schedules as well as the GBS Consulting Agreement when appropriate (attached). Accurate, timely disclosure is a required component of Gallagher business operations.

Timely disclosure is considered to be satisfied when disclosure is completed at each of the following:

- When marketing is performed and/or a proposal is presented to a client or prospect; and
- At the takeover of a client by BOR; and
- Any material changes to the revenue structure/agreement; and
- At renewal; or
- If none of the above disclosure events occur, at least once a year.

Liability Insurance

Please see the attached sample liability and E&O certificates.

Litigation

Arthur J. Gallagher & Co. faces no pending litigation that would affect our ability to provide the services described in this proposal to The City of Austin.

Conclusion

Thank you for the opportunity to provide The City of Austin with this response to your proposal request.

Gallagher uniquely combines specialized, locally available employee benefits expertise with global resources to help you break through business barriers that arise from complex regulatory, legislative, financial and organizational issues. We'll be your expert, advocate and guide in developing and managing holistic, cost-effective benefit and compensation solutions as your needs and goals change in an evolving marketplace.

Recognizing that the decisions you make will affect the health and welfare of your employees and their families, we're committed to helping you balance an engaged workforce with a healthy bottom line. We look forward to partnering with you to create an employee benefits program that firmly positions The City of Austin as an employer-of-choice and strengthens your growth potential.



Arthur J. Gallagher & Co.
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Professional Experience



Don R. Heilman

Area Senior Vice President

Don joined Gallagher Benefit Services, Inc. as an Area Vice President in 2002. He has over 25 years of experience in the benefits industry, and previously served as a senior consultant for another national consulting firm for over 12 years.

The majority of Don's work has been with large governmental entities. He has extensive experience in the design, financing and implementation of comprehensive health and welfare benefits programs. In particular, he has significant experience and expertise in self-funding, and recently has been active in the areas of consumerism and wellness. Other areas of expertise include paid time off/disability design and retiree health.

Don is an active participant on the Gallagher Benefit Services Public Entity & Scholastic Practice, and previously served as the National Director. This practice represents one of the firm's largest industry segments, and is designed to share insight and best practices, as well as create purchasing leverage for our governmental clients.

Don obtained his undergraduate degree in mathematics, and has completed graduate work in statistics. He is affiliated with a number of human resources associations, and is a frequent speaker on benefits related topics. Among organizations for which Don has spoken:

- State and Local Government Benefits Association
- College and University Professional Association for Human Resources
- Government Finance Officers Association
- Public Risk and Insurance Management Association
- International Personnel Management Association
- National Public Employer Labor Relations Association
- International Foundation of Employee Benefit Plans – Public Sector



303-889-2686 - office

Don_Heilman@ajg.com



Arthur J. Gallagher & Co.
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Licenses



Life and Health Insurance Counselor

NICHOLAS RICHARD LONG

853 COASTAL CT
LEAGUE CITY, TX 77573-1529


is authorized to transact business as described above

License No: 1767388

Issue Date: 06-04-2012

Expiration Date: 01-07-2018

Generated by Sircon 129548757

<p>TEXAS DEPARTMENT OF INSURANCE THIS IS TO CERTIFY THAT</p> <p>NICHOLAS RICHARD LONG 853 COASTAL CT, LEAGUE CITY, TX 77573-1529</p> <p>LICENSE NUMBER: 1767388</p>	 <p>IS HEREBY AUTHORIZED TO TRANSACT BUSINESS IN ACCORDANCE TO THE LICENSE DESCRIPTION SHOWN BELOW:</p> <p>Life and Health Insurance Counselor</p> <p>Issue Date: 06-04-2012 Expiration Date: 01-07-2018</p> <p>Generated by Sircon 129548757</p>
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Life and Health Insurance Counselor Agency

GALLAGHER BENEFIT SERVICES, INC.

545 METRO PL S STE 435
DUBLIN, OH 43017-3386


is authorized to transact business as described above

License No: 1585630

Issue Date: 08-28-2009

Expiration Date: 08-28-2017

Generated by Sircon 116916704

<p>TEXAS DEPARTMENT OF INSURANCE THIS IS TO CERTIFY THAT</p> <p>GALLAGHER BENEFIT SERVICES, INC. 545 METRO PL S STE 435, DUBLIN, OH 43017-3386</p> <p>LICENSE NUMBER: 1585630</p>	<p></p> <p>IS HEREBY AUTHORIZED TO TRANSACT BUSINESS IN ACCORDANCE TO THE LICENSE DESCRIPTION SHOWN BELOW:</p> <p>Life and Health Insurance Counselor Agency</p> <p>Issue Date: 08-28-2009 Expiration Date: 08-28-2017</p> <p>Generated by Sircon 116916704</p>
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Risk Manager Agency

Arthur J Gallagher Risk Management Services Inc
444 LIBERTY AVE., B- 4, 8TH FLOOR
PITTSBURG , PA 15222

is authorized to transact business as described above

License No: 1434285

Issue Date: 03-01-2007

Expiration Date: 03-01-2017

Generated by Sircon 110841683

TEXAS
DEPARTMENT OF INSURANCE
THIS IS TO CERTIFY THAT



Arthur J Gallagher Risk Management
Services Inc
444 LIBERTY AVE., B- 4, 8TH FLOOR , PITTSBURG , PA
15222

LICENSE NUMBER: 1434285

IS HEREBY AUTHORIZED TO TRANSACT BUSINESS
IN ACCORDANCE TO THE LICENSE DESCRIPTION
SHOWN BELOW:

Risk Manager Agency

Issue Date: 03-01-2007

Expiration Date: 03-01-2017

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Arthur J. Gallagher & Co.
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Insurance



Arthur J. Gallagher & Co.
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Healthcare Reform Planner



Change This Significant Requires an Integrated Benefit Management Approach

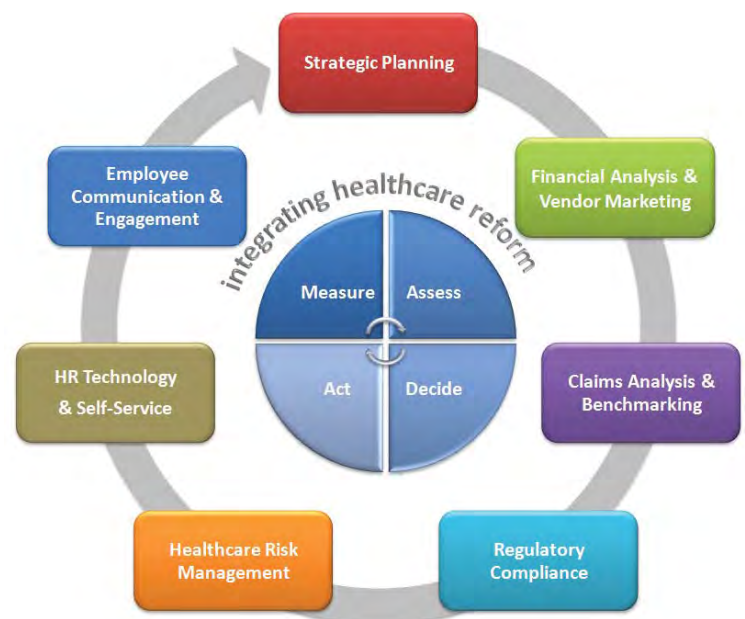
Understanding the impact of Healthcare Reform is more than measuring cost and complying with new laws. GBS' Healthcare Reform consulting process evaluates the impact of Healthcare Reform across three critical perspectives for your organization: **strategic, financial, and operational**. The result is an integrated benefit management approach that accounts for the total impact of Healthcare Reform.

1 The first step involves working with your team to ensure everyone clearly understands the key aspects of Healthcare Reform. Our proprietary **HCR Planner** provides a framework to identify specific provisions that will apply to your organization. This includes a review of your current medical plans compared to mandated benefits, a review of your key benefit documents, and other legal requirements.

2 The second step includes a review of the composition of your workforce and leverages our proprietary **HCR Financial Outlook** tool. This powerful decision analysis tool helps us evaluate the financial impact to you and your employees in the near term, in 2014, and beyond.

3 The third step consists of working with you to determine and implement the best course of action based on our findings. This includes building the right support team structure to ensure you remain in compliance with the regulations and have a plan to proactively communicate with your employees preparing them for changes.

Integrated Benefit Management Approach



The Right Resources to Support You and Your Employees

Operating efficiently in today's economic environment is made even more challenging because the final Healthcare Reform regulations, interpretations, and revisions will take place over several years, not months.

Beginning with you and your team, we will seek to understand how you support your organization today and need to operate in the future. Based on your needs, we will deploy a *local + national resource structure* to ensure you are able to proactively address the growing legal, regulatory, and compliance issues facing your organization.

This structure ensures organizations of all sizes have the expert resources required to deal with the entire spectrum of Healthcare Reform and non-Healthcare Reform compliance-related issues. We are so committed to supporting you that we've added compliance and technical staff across the country and created a multi-disciplinary Healthcare Reform Taskforce dedicated to monitoring and issuing guidance on all aspects of Healthcare Reform.

Your Local + National Support Team

- **Client Consultants:** provide overall guidance, including strategic and tactical advice to ensure your benefit program is cost effective and aligned to support the organizational goals and objectives
- **Compliance Experts:** evaluate the comprehensive legislation to help you maintain compliance
- **Underwriters and Actuarial Consultants:** develops practical, statistically valid proprietary tools, and resources to illustrate the financial impact to your bottom-line
- **Subject Matter and Industry Advisors:** focus on solving problems specific to the particular needs of niche and specialty industries
- **Education and Communication Specialists:** compose, educate, and disseminate materials to support your benefit program
- **Healthcare Reform Taskforce:** consulting, actuarial, underwriting, legal and compliance experts focused on understanding all aspects of Healthcare Reform and its implications

Education and Communications

Executives, HR teams, and employees need timely, accurate and concise communications about Healthcare Reform -- regulatory updates, summaries of recent regulations, focused webinars on specific topics, or simple explanations of what to expect. GBS' breadth and depth of communication tools and resources keep you current on the latest information and ideas regarding Healthcare Reform.

- **Newsletter:** timely, easy-to-understand information about new and revised Healthcare Reform regulations
- **Website:** access to information 24/7 at gbshealthcarereform.com, featuring a dynamic timeline
- **Frequently Asked Questions:** fast answers to frequently asked Healthcare Reform questions
- **Webinars:** educational forum led by industry experts, highlighting significant Healthcare Reform topics
- **Seminars:** opportunity to connect with peers and learn from experts





Your Healthcare Reform Roadmap

The results of our analysis come together for you in a clear, easy-to-understand action plan. The plan details the strategic impact of Healthcare Reform, the short-term and long-term cost increases or savings, the operational impact on employee recruitment and retention, and the overall affect on your business goals and objectives.

The rules of healthcare and benefits have changed with the passage of Healthcare Reform. The GBS approach to integrate Healthcare Reform into your overall benefit strategy accounts for this change and will help ensure you are equipped to make the best decisions for your organization.



GBS. Your Expert. Your Advocate. Your Guide.

GBS can help you develop a comprehensive benefit program by utilizing national resources and expertise in the following areas:

- Health & Welfare Services
- Retirement Services
- Healthcare Analytics
- Human Resource Services
- Executive Benefits

For more information or to learn more about GBS' solutions to Healthcare Reform, please contact your GBS consultant today or visit www.gbshealthcarereform.com.

Gallagher Benefit Services, Inc. ("GBS") is a Delaware corporation with its principal place of business in Illinois. GBS is licensed as an insurance agency in all states where required, including the District of Columbia. GBS does business in California as "Gallagher Benefit Services of California Insurance Services" and in Massachusetts as "Gallagher Benefit Insurance Services."

About Gallagher Benefit Services, Inc.

Founded in 1927, Arthur J. Gallagher & Co. is an international brokerage and risk management services firm. Gallagher Benefit Services, a subsidiary, takes an entrepreneurial approach to provide our clients with expertise and guidance in every area of benefits planning, delivery and administration. We are especially well-suited to meet the needs of small- to mid-size companies, while also providing unique and customized solutions for larger clients.



Arthur J. Gallagher & Co.
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Benefit Advocacy Center



Putting the pieces together

Gallagher: Your Benefit Advocate

Medical | Dental | EAP | Vision | FSA | Life | Disability



Arthur J. Gallagher & Co.
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Dedicated toll-free telephone number and e-mail address specifically for your members.

Calls received Monday – Friday
Between 7:30 a.m. and 5:30 p.m. (CST)
Bilingual available.

Advocate Center communications created for members to introduce this service.

Activities (calls, e-mails) tracked for reporting to client.

Benefit Advocate Center

Independent, confidential and convenient

Benefits to Employees

- Choosing and understanding benefits with one toll-free phone number.
- Speak with an experienced benefit and claim expert.
- Save time, money, and worry— a one stop shop for all benefit questions.
- Learn how to get the most out of employer's benefit program.
- Increase satisfaction with the employer's benefit program.
- Coach employees to reinforce essential messages.
- Help balance work and personal life.
- Gain early and more frequent member engagement.

Benefits to Employers

- Helps to support employer priorities and strategies.
- Eases burden on Human Resource staff.
- Engages with a team of experienced insurance benefit experts.
- Increases productivity and retention; reduces absenteeism, illness and claims.
- Reduces grievances, claims, appeals.
- Promotes better network utilization.
- Reduces claim billing errors.
- Calls and emails are reportable.

Testimonials

I feel it important enough to take the time to acknowledge the working ethics of John. Not only is he very polite but he is especially conscientious and efficient. For once I felt I was in the hands of someone who "Did their job" and did not want it to go unnoticed.

I just wanted to let you know that Bobbi had done an outstanding job in helping me with my claims and making life much easier for me. My accident was tragic enough and I was stressing over also having to deal with the insurance. But Bobbi has made this experience much easier in helping me with all my issues.

Just a thumbs up for Mary exceptional service in returning researched information, in an unexpected fast timeframe.

Member Services Specialist

Your organization's health and welfare benefits offer your employees and their dependents an array of insurance programs. However, there is little coordination among them and multiple phone numbers and websites. It makes it difficult for an employee to get to the right resource on any one of your benefits when the need arises. This creates fragmentation and lost productivity, as well as increasing the burden on the human resources staff.

Opportunities for promoting your health and welfare benefit program and any enhancements or resources are lost when employers lack a single point of contact for sharing information about those benefits.

The Benefit Advocate Center offers a personalized service that gets employees and their dependents to the right benefit, quickly and efficiently, through a single toll-free phone number. The employees and their dependents can use the same toll-free phone number whenever they need an expert to provide assistance with benefit questions, and how to navigate the healthcare and insurance systems. Our Benefit Advocate Member Services Specialists have extensive experience in health plans and receive ongoing monitoring to ensure the high level of service you would expect.

When employees or their dependents call our toll-free number, they are assigned a Benefit Advocate Member Services Specialist, who works with them one-on-one to resolve a range of benefit-related issues that typically overburden employees and the Human Resources staff. The Member Services Specialist will immediately begin working to resolve the issue, conducting any necessary research, interacting with providers and insurance carriers, and assisting with any paperwork requirements. The Member Services Specialist is also available for any follow-up needs.

Member Services Specialists serve as liaisons with healthcare providers and insurance plans. They help members locate in-network providers, order ID cards, resolve insurance claims and billing errors, and address any other issues that they may have with the benefit plans. Resolving those issues expertly and efficiently helps both the employee and the employer get the most value from their benefit program. Also helping increase productivity, ease the burden on the HR staff and save employees and employers both time and money. Member Services Specialists remain with the member until the issue is resolved. They assist with:

- Explaining the company benefit program to members, including enrollment assistance
- Finding providers—encouraging the utilization of network providers
- Resolving insurance claims; correcting provider billing errors.
- Ordering ID replacement cards.
- Navigating through the provider member website.
- Confirming employee and dependent's eligibility through client or carrier system.

A knowledgeable Benefit Advocate Member Services Specialist will listen to the employee's needs and answer any questions; as well as, offer specific health and wellness information as it relates to your plan. All information is confidential and private. Benefits are better utilized, members get the most out of their benefits, and their healthcare issues are personally addressed—all by calling one toll-free phone number!

Benefit Plans

Medical/Dental/Vision Plans

- Explain how the benefits work and if applicable, go over multiple plan differences.
- Assist with enrollment.
- Order ID cards.
- Help utilize in-network benefits.
- Assist with claims and provider billing issues.
- Help members navigate through the carrier member portal.
- Confirm eligibility.
- Appeal letter-writing assistance.

Life/Disability Plans

- Explain how the benefits work.
- Assist with enrollment.
- Facilitate with completing death or disability claim forms.
- Explain enhancements to the plan such as Survivor Support, Travel Assistance, Employee Assistance Plan, Estate Planning, and other features to your plans.

Employee Assistance Plans

Assist members with reaching out for the plans resources that include personal counseling, work, and life resources to help them better balance their needs.

Wellness Programs

Wellness programs have gained popularity as a strategy to control spiraling healthcare costs, the Member Services Specialist can introduce and provide support and engagement in your organization's Wellness Program.

Having a Benefit Advocate Member Services Specialist help navigate your employees through these plans will help your employees focus on their jobs and other important matters in their life.

The Benefit Advocate Center continues to respond to ever-changing trends in healthcare. Our one-source support ensures that the many, and often complex, clinical, administrative and insurance issues are addressed with expertise, efficiency and compassion. The Benefit Advocate Center is an invaluable support system for your employees and their dependents; easing the burden and eases the burden to your Human Resources staff.

Testimonials

Deborah, I just wanted you to know what a fantastic job Yvette has done for me and my family. I have been going round and round with BCBS and Benefitsolver trying to get the proper paper work for our families new insurance coverage. After some research Yvette did on my behalf she sent me the papers I need for United Healthcare. Having an employee like Yvette on your team truly makes a business successful. Yvette has been a true blessing.

I don't normally write letters/reviews, but I wanted to let you know that both Marisol and Achana are both the BEST! I was very worried about meeting the deadline for enrollment and making the right benefit choices. Both Customer Service Reps really helped and impressed me; from keeping me updated and informed until the information from HR had loaded and all the way through enrolling for all our new benefits. All my questions were addressed promptly and they never acted like I was a bother. This has been the best Customer Service experience that I have had in a very long time. And both these employees should be commended for doing such an awesome job and being totally friendly and professional.

Enrollment Assistance

New Hire and Annual Enrollment Assistance

The demand on the Human Resources department to educate employees about their benefits is especially challenging when major changes occur, such as changing carriers, adding a new plan or switching to a consumer-driven health plan. This time-consuming task can overstretch resources, especially if the Human Resources department has downsized.

Our experienced trained team of Benefit Advocate Member Services Specialists can help just when you need it the most. The Benefit Advocate Center offers a valuable resource to help your employees truly understand the details of your plans, as well as options to get the most out of their benefits. No matter what your special needs are, this extra help ensures better understanding, better selection and better compliance. Your Human Resource staff can become more strategic with more time for other priorities.

The Benefit Advocate Center will listen one-on-one to your employees' benefits question. We provide easy-to-understand information about the details of each plan. In addition, we educate the employees about buy-up options and consumer-driven health plans. We provide information on how these plans can be coordinated with pre-funded health spending accounts for greater savings. Employees and their dependents can call us anytime throughout the year to further explain how to utilize those benefit choices.

We can help educate employees about the plans that cover specific issues, such as health savings account, mental health or wellness incentives. All calls are fully compliant with HIPAA, assuring the member that personal health questions are kept strictly confidential.

Spending the time to make sure your employees fully understand your benefit program ensures confidence that they are choosing the right plan to suit their needs and the needs of their family. Choosing the right plan ensures that they are getting the most out of their benefits. You will see increased enrollment and better plan selection, which results in lower costs to the employer.

- Highly experienced benefits specialists know the intricacies of the healthcare and insurance systems, and take the time to listen to concerns and questions.
- Employees receive clear explanations of each plan, including premiums, deductibles, copays and coverage limitations.
- Benefit specialists will explain the pros and cons of adding pre-funded health spending accounts—including Health Savings Accounts (HSAs), Flexible Spending Accounts (FSAs) and Health Reimbursement Accounts (HRAs) and how to best use these plans with their other plan elections.
- Advocates guide employees through their options relating to coverage for special needs—mental health, wellness incentives, transitioning to Medicare and more.
- Our team adheres to strict government privacy laws to ensure that employees' personal or family health information is kept completely confidential.

Enrollment Services

Enrollment Forms— The Benefit Advocate Specialist will process new hire, qualifying events or annual enrollment forms either received directly from employees via hard-copy, email or fax or directly from the various HR locations for our national clients. The enrollment forms will be entered into the client's eligibility maintenance system or HRIS system.

Evidence of Insurability Forms— If an employee elects over the guarantee issue on a supplemental life plan, the Benefit Advocate Center will send out Evidence of Insurability Forms, route to the carrier and monitor approval or denial process for payroll deductions.

Qualifying Events Documentation— As an employee has life changes, they will need assistance on making changes to the plans. The Benefit Advocate Specialist will communicate the process of adding, deleting or changing their dependents and request hard-copy documentation that supports any life changes.

Dependent Verification Confirmation— When an employee receives an enrollment form and needs documentation to confirm that dependents enrolled are qualified dependents under your Plan Document, the Benefit Advocate Specialist will reach out to the employee and request hard-copy documentation supporting the dependent qualification.

Qualified Medical Support Court Orders (QMSCO)— When an employee receives a QMSCO letter, the Benefit Advocate Specialist will add the Court-ordered dependents to the plan(s) and send the verification paperwork back to the requesting party.

Eligibility Maintenance Systems— The Benefit Advocate Specialist will assist the employee in navigating through your company's eligibility maintenance system or HRIS system and reset employee passwords as needed.

Fulfillment Services

New-Hire Packets— The Benefit Advocate Center will distribute new hire enrollment and plan information packets for full-time, part-time or acquisitions – frequency of packet mail-out is determined by client.

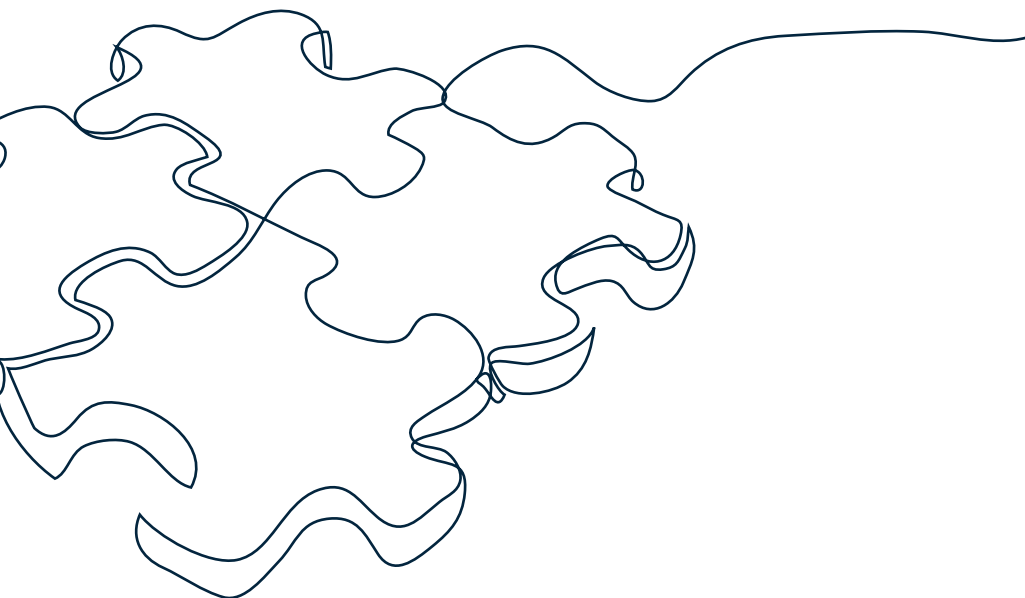
Confirmation Statements— If Enrollment services are elected as an add-on Benefit Advocate service, confirmation statements can be printed and distributed to employees once the employee has enrolled in benefits— frequency of statement mail-out is determined by client.

Post-Enrollment Packets— The Benefit Advocate center will print, compile and mail out post enrollment packets, which could include confirmation statement, plan information flyers, benefit summaries and Summary Plan Documents customized to the employee's plan elections.

New-Hire Orientation Calls— Customized webinar and/or conference call to new hires to go over in a group environment their benefit plan options and steps to enroll in the benefits.

Reminder Letters or Calls— Customized letters or calls directly to employees reminding them of enrollment requirements, deadline requirements, program initiatives and more.

Termination Packets— Letter notifying employee of their portability and/or conversion rights for life insurance.





Arthur J. Gallagher & Co.
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Sample Newsletters



January 2016

Make Your New Year's Resolutions Successful: Don't over-commit!

By: Cleveland Clinic Wellness Editors

Happy New Year! For many of us, January 1st is that magical day when we look optimistically into the future, see a new and improved version of ourselves, and decide that we are going to become that person. We all love shiny new beginnings — the chance to reinvent or improve ourselves.

Here at Cleveland Clinic Wellness, we believe that taking on new goals in the name of better emotional or physical health is a great idea — no matter what day of the year it is. That's why we're dedicating this entire month to helping you stick with your intentions.

Today, take a look at your list of resolutions. The more goals you have, the harder it will be to truly commit to any of them. The secret to your success: Choose only one or two small goals and be specific. Instead of committing to a broad objective like "eating better," commit to cutting out soda, eating five servings of vegetables daily, or eating only when you're hungry and only until you're full. The more specific your resolution, the more likely you'll be to accomplish it.

If and when you've mastered your first resolution, take on another small goal. If you're trying to lose weight this year, commit to slimming down in five-pound increments.

Each milestone builds self-confidence and helps you start reaching for your next one. So think small, but plan big. Know what steps you have to take to reach your goals, and have a plan in place for when you're tempted to stray from your resolutions.





6 Foods to Help You Lose Weight

By: Kristin Kirkpatrick, MS, RD, LD



Losing weight and keeping it off is not easy — but it can be done! It may seem that at every corner you turn, there are obstacles to keep you from your goals. Many factors are to blame: the company you keep; the line of work you're in; increased variety in stores; and shortcuts to get from point A to point B (e.g. motorized scooters, elevators, etc.). You may also be confused, like many, about what to eat, what to avoid, when to eat, and how much to eat. Deceptive food labeling, which can make unhealthy food seem healthy, adds to this confusion, as do so-called “diet foods,” with their multitude of ingredients. Here's the good news: There are a few diet perfect foods that can help you lose weight. Try adding these six foods to your diet to help you satisfy your cravings, keep you full, and ultimately arm you with the tools you'll need to reach a healthy weight and maintain it!

1 String Cheese

Many of my patients start off with a common plea: “I can give up anything, but please don't ask me to give up cheese!” Well there may be a happy medium, and its name is string cheese. This cheese is just 80 calories, has no carbs, is easily portion-controlled, and can be taken almost anywhere. In fact, it is perhaps the perfect snack for dieters. A 2011 study in the *Journal of Nutrition* found that increasing consumption of dairy foods and protein during weight-loss efforts promoted fat mass loss and lean mass gain. String cheese is my only exception to the “one ingredient” rule, due to the addition of enzymes in the processing of skim milk.

2 Apples

A study in the journal *Nutrition* found that women who consumed either three apples or three pears a day were more likely to lose weight and have better blood sugar control. As an added bonus, many studies have linked apple consumption to improved bowel function, as well as reductions in the risk of breast cancer and stroke.

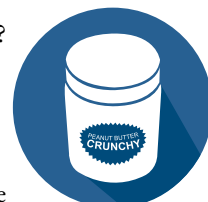


3 Black Pepper

Looking for a way to spice up your weight-loss efforts? Ditch the salt and use more pepper on your food. A study in the *Journal of Agricultural and Food Chemistry* found piperine, a component in black pepper, may block the formation of new fat cells.

4 Peanut Butter

Ever heard of something called piceatannol? If you haven't yet, you may soon. A new study in the *Journal of Biological Chemistry* found that piceatannol, a component found in peanuts, grapes, and red wine that is similar to the compound resveratrol, has the ability to block a process that allows immature fat cells to turn into mature fat cells. Peanut butter may be one of the best ways you can prevent fat cell growth and curb your cravings. Important clarification: I'm talking about 100 percent peanut butter, where the only ingredient is peanuts. You won't find the same effects with any other kind of peanut butter, even reduced-fat versions that are often loaded with sugar.



continued

If you're going to snack while trying to lose weight, snack on something that will help you get the most bang for your nutritional buck!



5 Legumes

What is one thing that the healthiest individuals in the world have in common? They all eat legumes. A study in the *Journal of Nutrition* found that low-glycemic foods (those that are slowly digested, like lentils) helped to increase a hormone that assists in regulating metabolism of fat and sugar. Additionally, low-glycemic foods were found to significantly reduce inflammation markers in obese adults.

6 Popcorn

High in fiber and low in calories, popcorn is a great example of nutrient density at its best. Nutrient density means you're getting the most nutrients with the least calories. For example, you can have three cups of popcorn for 100 calories or you can have three licorice twists. While the calories are the same, the popcorn will give you fiber (making you full) as well as a healthy dose of antioxidants.



In fact, a 2012 study found that popcorn could have even more antioxidants than some fruits and vegetables. Of course, that doesn't mean you should skip the produce aisle and fill up on popcorn instead! The licorice, well, it will give you a big boost in blood sugar and insulin, followed by a crash, followed by yet another craving. See where I am going with this? If you're going to snack while trying to lose weight, snack on something that will help you get the most bang for your nutritional buck! Popcorn is a snack that will actually make you feel satisfied after you're done eating it. Imagine that.

Let the Good Vibes Roll! For weight loss, surround yourself with positive feedback.

By: Cleveland Clinic Wellness Editors

Among your must-haves when trying to reach a healthy weight or keep it off: regular exercise, nutritious meals in appropriate portions, and good old-fashioned love and acceptance. Among the must-not-haves: tough love. However well-meaning it may be, pressure or criticism from people you love doesn't help you lose weight and, in fact, can lead to more weight gain, according to new research. We are social animals, so messages we get from loved ones affect how we feel about ourselves.

Being accepted - just the way you are - encourages acquisition of the eating and activity patterns that help you feel good, support your overall health, and guide you to a healthy weight. So if you're trying to lose a few pounds or maintain the weight you've lost, ditch the critics. Surround yourself instead with the very thing that the world needs now: love, sweet love.



Healthy Recipe:

Lentil Salad with Tomatoes and Apple

Lentils, the tiniest treasures of the legume family, may be small but they are powerful, providing a large dose of dietary fiber along with important vitamins and minerals. Add in lycopene-rich tomatoes and crunchy, tart apples and you've got a delicious recipe for good health (and happy diners too!).

Developed by: Sara Quessenberry for Cleveland Clinic Wellness



Servings: 4

Ingredients:

- 1 cup French green lentils
- 2 tablespoons fresh lemon juice
- 1 tablespoon extra virgin olive oil
- 1 teaspoon Dijon mustard
- ¼ teaspoon freshly ground black pepper
- 1 pint cherry or grape tomatoes, halved
- 2 scallions, sliced
- ¼ flat leaf parsley, chopped
- 1 green apple, cut into matchsticks

Instructions:

Place the lentils in a strainer and rinse well. Keep a watchful eye for any pebbles that may have slipped through. Fill a medium saucepan with water and bring to a boil over high heat. Add the lentils and lower the heat to medium so the lentils simmer gently until just tender, 12 to 15 minutes. Drain and rinse under cold running water to cool.

Meanwhile, make the vinaigrette. In a small bowl, whisk together the lemon juice, oil, mustard, and pepper. Set aside.

In a large bowl, combine the tomatoes, scallions, parsley, and apple. Add the cooled lentils and drizzle the vinaigrette. Gently stir everything together.

Nutrition Info Per Serving:

(about ¾ cup) 120 calories, 4 g total fat, .5 g saturated fat, 0 g trans fat, 5 g protein, 19 g total carbohydrate, 7 g fiber, 8 g sugar, 0 mg cholesterol, 110 mg sodium



There are genuine pleasures that accompany winter storms — walking through sparkling new-fallen snow, building a snowman with your kids, skating and skiing — and then there's shoveling. While snow shoveling does provide good exercise, the exertion during cold weather can also put unexpected extra stress on your heart that doesn't occur when it's warm outside. Follow these safety tips during the next storm, and if you have heart disease — or at least two risk factors for it — don't shovel without your doctor's permission. (Hey, it's a good excuse to get your older kids or neighborhood teens to help you out!)

Bundle up.

Cold air causes blood vessels to constrict as the body tries to prevent heat loss, and this can reduce blood flow to the heart and raise your blood pressure. So bust out your down coat, wool sweater, and your hat (the extensive blood supply in your head makes it a huge source of heat loss, so keep it covered).

Push, don't lift.

To put less stress on your heart, try using an ergonomically designed shovel that lets you push the snow instead of lifting it. And shovel during the storm so the snow doesn't get too deep before you have to clear it.

Start slowly, and rest often.

Rather than starting full-force, begin very slowly so your muscles get a chance to warm up. Every 10 minutes, take a two-minute break, (stand up straight, walk for a minute, and rest for a minute).

February 2016

Take it easy while shoveling, for your heart's sake.

Winter Weather Warning:

by Cleveland Clinic Wellness Editors



“

The exertion during cold weather can also put unexpected extra stress on your heart that doesn't occur when it's warm outside.

”



Keeping your cool during difficult situations is a truly empowering feeling. And managing those moments effectively helps your heart stay strong and healthy too, no matter what your age or gender. However, if you're a woman with coronary heart disease, be especially diligent. Normally, stress prompts the heart to pump extra blood to the extremities so that you can run away or defend yourself — the classic fight-or-flight response. Women under 55, however, are also prone to reduced blood flow to the heart in times of mental stress — so it's important to learn how to manage challenging situations with daily practice. Physical exercise like walking or swimming can bring on a more relaxed state, as do mind-body practices such as yoga, tai chi or meditation. The key is to do something (or many things) regularly. Be sure to set aside time to feed your friendships too; close relationships have a protective effect on women's hearts.

Ladies, just say “Om”

For women in the prime of life, learning how to relax may be especially important for heart health.

By: Cleveland Clinic Wellness Editors

WEEKEND WELLNESS IDEA:

GRAB A FRIEND FOR A WALK OUTDOORS AND ENJOY A POWERFUL TWOFOER TOWARD BETTER HEALTH.



When you think about strengthening your muscles, you probably think first of weight training to build the muscles in your limbs and torso, or your skeletal muscles. Many people forget that the heart is also a muscle. Every time your heart beats, your cardiac muscles are contracting to pump blood, which carries oxygen and nutrients throughout your body. If your cardiac muscles become weak, your heart has to work twice as hard to move the blood. That's why you should always include exercises that help to increase the strength of your heart in your daily routine.

Cardiovascular exercise is the best way to ensure that you are giving your heart a real workout. During cardiovascular exercise your heart rate increases in order to deliver higher amounts of oxygen to your skeletal muscles. This in turn strengthens the cardiac muscles.

For heart health, it's recommended that you get 30 to 60 minutes of moderate cardiovascular activity most days of the week. Moderate activity is typically about 60 to 70 percent of your max heart rate. That means you're at a level where you can hold a conversation but have to pause every few sentences to take a breath. The wonderful thing about cardiovascular activity is that there are so many options for people of all ages and physical fitness levels. Walking, jogging, swimming, water aerobics, chair aerobics, and biking or cycling classes are all great activities to get your heart pumping.

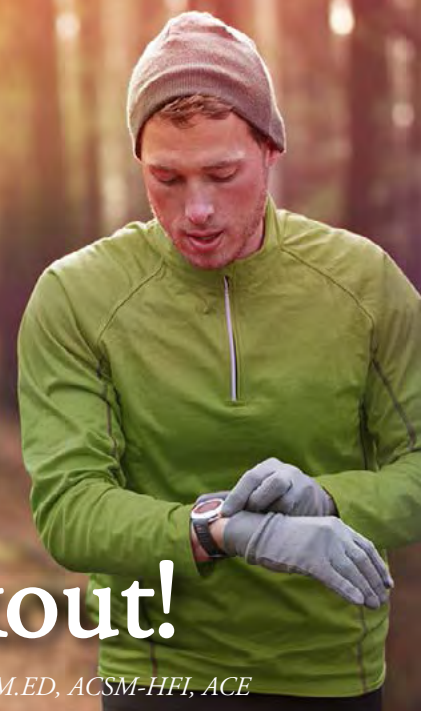
Of course, always speak to a physician before starting any new exercise routine.

Give Your



a Workout!

By: Melissa Hendricks, M.ED, ACSM-HFI, ACE



Healthy Recipe: Double Chocolate Icebox Cookies

This is one smart cookie! Packed with delectable dates and just enough dark chocolate, this cookie satisfies your sweet tooth without any white sugar! So you get the cardiovascular benefits of cocoa and dark chocolate without the health-robbing effects of stripped carbs. The best part: enjoying every last bite.



Servings: 24 cookies

Ingredients:

4 ounces Deglet dates (about 16)
1.5 ounces dark chocolate chips (about ¼ cup)
4 egg whites
2 teaspoons pure vanilla extract
1 cup plus 2 tablespoons unsweetened cocoa powder

Nutrition Info Per Serving:

(3 cookies) 110 calories, 3 g total fat, 2 g saturated fat, 6 g protein, 22 g carbohydrate, 6 g dietary fiber, 11 g sugar, 0 mg cholesterol, 50 mg sodium

Instructions:

Place the dates in a small bowl and cover with hot tap water. Let soak for 10 minutes until softened. Drain the water.

Place the softened dates in a food processor and puree until smooth. Add the chocolate chips and pulse a few times to break them up. Add the egg whites and vanilla and pulse a few times to combine. Add the cocoa powder and pulse to combine. The dough will be thick and a bit sticky.

Tear off a large piece of plastic wrap and lay it flat on the counter. Place the dough in the center and shape into a log. Roll up the dough in the plastic wrap and continue to shape until the dough is a smooth log, about 1¼ inches in diameter. Freeze for 2 hours or more, until the dough is firm and sliceable. (The dough will last in the freezer for up to 3 weeks).

When you are ready to bake, heat the oven to 350°F. Line a sheet pan with parchment paper. Unwrap the dough and slice into ¼-inch thick coins. Bake until just set, about 8 minutes. Serve warm.

Developed by: Sara Quessenberry for Cleveland Clinic Wellness



Dear diary... Write down what you eat to consume less and enjoy your meals more

March 2016

If you've ever kept and reread a journal, you know how revealing it can be to look back at your younger self (oh, the great loves and family dramas!). Keeping a food diary can be equally insightful, whether helping you to maintain or lose weight, or ensuring that you're eating a nutritious diet. Whether you use an app or a good old-fashioned notebook, writing down what you consume will give you a better sense of your eating habits.

Writing it down will help you:

1. Be realistic about portions.

Our supersized culture has many of us eating much more than an actual serving, especially when dining out. For example, did you know that a four-ounce serving of chicken, fish or beef is roughly the size of a deck of cards?

2. See where your dietary detours occur.

Maybe you eat well all day, but watching *Game of Thrones* throws you into a sweet-treat frenzy! If your goal is to consistently eat a nutritious diet and maintain your weight, keeping a food diary will help you stay motivated and shine a spotlight on your habits.

3. Rein in the mindless munching.

From the office kitchenette to the major league ballpark, opportunities to snack (and make healthy choices) are everywhere! Keeping a food diary will increase your awareness of where your calories are coming from — both main meals and snacks. It may also motivate you to swap nutritionally bankrupt snacks like chips and crackers to more delicious and nutritious options like carrots with hummus, apple slices with peanut butter, or one of the best and easiest snacks of all — nuts.



By: Cleveland Clinic Wellness Editors

This Week, Add a New

Green

to Your Plate!

Have you ever noticed that you eat the same greens day in and day out with no variety? Perhaps you choose the nutrient zero (but very popular) iceberg lettuce for your daily salad? Although eating most greens provides great dietary benefits, adding variety means that you're introducing lots of new nutrients to you and your family – which is always a good thing! This week, try arugula. Found in grocery stores, farmers markets and Italian eateries, arugula (also known as “rocket”) is a peppery green that is low in calories and high in vitamins A and C and the mineral calcium. It's chock-full of anti-oxidants and tastes great with a lemon and olive oil dressing. To kick up the nutrients even more, you can add strawberries to your arugula salad. Strawberries have been shown to help in the reduction of heart disease as well as help with regulation of blood sugar. Doesn't that sound far more fabulous and nutritious than your regular iceberg?

By: Kristin Kirkpatrick, MS, RD, LD

You don't have to shell out big bucks
to get the nutritional benefits of nuts.

You can get them for peanuts!

Peanuts pack a real nutritional punch in each little legume — protein, fiber, healthy fats, a whole host of essential vitamins and minerals — and eating them may protect against cardiovascular disease, just as more expensive tree nuts do. We've known for years that people who eat tree nuts — almonds, walnuts pistachios, etc. — are less likely to develop cardiovascular disease than people who don't eat nuts. However, new research has found that peanuts (which are actually legumes) confer the same heart-healthy benefits. Buy them unsalted (raw or roasted) and aim for a handful (one or two ounces) a day. While eating them at snack time is a no-brainer, they're also delicious added to salads at mealtime. And don't forget to enjoy those walnuts too! They're great for your joints, brain and eyes.

By: Cleveland Clinic Wellness Editors

*Eating peanuts
may protect
against
cardiovascular
disease, just as
more expensive
tree nuts do*



Healthy Recipe: White Bean Chicken Chili

This piping hot entree is perfect after a football game or to warm up on cool nights. It's also a great way to get protein and fiber, along with vitamins A and C, calcium and iron

By: Cleveland Clinic Wellness Editors



Yield: 12 servings

Ingredients:

- 2 cups small diced sweet onion
- 2 tablespoons olive oil
- 4 teaspoons chopped fresh garlic
- 48 ounces low sodium chicken broth
- 2 pounds skinless, boneless chicken breast
- 4 ounces canned fire-roasted chili peppers, chopped
- 3 cans of great northern beans (15.5 oz. each), rinsed and drained
- 2 teaspoons ground cumin
- 2 teaspoons oregano
- 3 teaspoons chili powder
- ¼ teaspoon cayenne pepper (optional)
- ¼ teaspoon Ancho chili powder
- 1 can diced tomatoes (14.5 oz.)

Instructions:

1. In a large pot or stockpot, sauté onion in olive oil until transparent; add garlic and sauté 2 minutes.
2. Add chicken broth and chicken breast, and gently simmer until chicken is cooked.
3. Remove chicken. Dice chicken and skim any fat from top of broth.
4. Add diced chicken, chopped chili peppers, great northern beans, cumin, oregano, chili powder, cayenne if desired, Ancho chili powder and diced tomatoes.
5. Gently simmer for 45 minutes.
6. Serve immediately over cooked brown rice, garnished with cooked broccoli; or let cool, place in a covered container, and refrigerate.

Nutrition Info Per Serving:

(1 cup) 230 calories, 4.5 g total fat, 1 gram saturated fat, 0 trans fat, 24 g protein, 23 g total carbohydrate, 6 g fiber, 4 g sugar, 50 mg cholesterol, 270 mg sodium



April 2016

Itching and Dripping:

Help Make Your Allergies Go Away!

By: Roxanne B. Sukol, M.D., M.S.

Maybe cold season, when all the windows are closed up tight, is the worst time for your allergies. Or summer, when the smell of fresh-mown grass makes you miserable. Or maybe it's spring and fall, the change of the seasons, when just the thought of pollen makes you itch all over. No matter what time of year you struggle with allergies, there are a number of important things you can do to feel better and get your allergies under control.

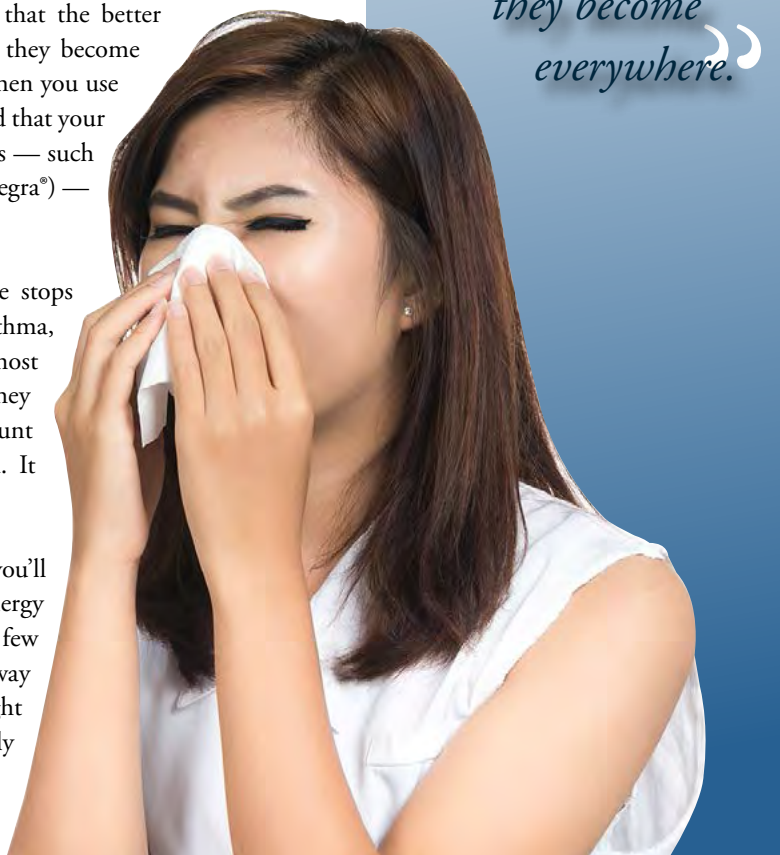
Did you know that there are different names for allergies, depending on where they show up in your body? Think of allergies as one character with a number of different outfits. Here's what I mean: If you have allergies in your lungs, it's called asthma. Allergies in your skin? Eczema. In your eyes? Allergic conjunctivitis. And in your nose? Allergic rhinitis.

Why is it useful to know this? Because doctors have found that the better you control your allergies in one place, the better controlled they become everywhere. So if you've noticed that your asthma gets better when you use your neti pot regularly, that's probably why. And if you've noticed that your eczema seems to get worse when you run out of antihistamines — such as loratadine (Claritin®), cetirizine (Zyrtec®) or fexofenadine (Allegra®) — well, it's not your imagination.

Don't be surprised if your eyes stop itching when your nose stops dripping! People with allergy symptoms in multiple locations (asthma, allergic conjunctivitis or eczema) often find that they get the most benefit if they treat all their allergy symptoms simultaneously. They also often find that, over time, they are able to decrease the amount of medicine they need to keep their allergies well controlled. It usually takes more work to get healthy than to stay healthy.

Being in good control today improves the chances that you'll be in good control tomorrow. And vice versa: Once those allergy symptoms get some momentum, it can be rough going for a few days until you get things back under control. What's the best way to stay healthy? Avoid triggers, cover all your bases with the right combination of medicines, and make sure you keep a ready supply on hand. Prevention is always the best strategy.

“The better you control your allergies in one place, the better controlled they become everywhere.”





Moves to Relieve Lower Back Pain

By: Ryan Sidak, B.S. Exercise Science

If you experience lower back pain, you're not alone! About 80 percent of American adults suffer from some type of pain in the back. From tight muscles to spinal degeneration that happens as we age, most of us will experience some type of back pain. Whether you spend your work day sitting in an office chair, you're constantly on your feet, or you're lifting heavy objects, stretching and strengthening the muscles that attach to the posterior region of the pelvic bone and spine are key to eliminating low back issues.

Keep in mind, while these moves can be helpful in alleviating or lessening your pain, you should always discuss any back pain with your doctor.

Here, six moves to stretch and strengthen the muscles that can cause low back pain.

1. Piriformis Stretch

Lie on your back and cross your right foot across the top of the left knee. Lift the left, bottom knee toward your chest by gently grabbing the back of your thigh to pull the stretch deeper. Repeat on the other side.

2. Psoas Major Stretch

This stretch is great for people who sit down all day. Begin with your right knee on the mat and your left foot flat on the ground. Lean your weight into your left, flat foot until you feel the hip flexor of the opposite leg stretch. Hold for 20 to 30 seconds and repeat on the opposite side.

3. Hamstring Stretch

If you're on your feet all day, this stretch is for you! Begin by lying on your back with both legs fully extended. Raise your right leg up until you feel the stretch along the back of your raised leg. Hold for 20 to 30 seconds and repeat on the opposite side. If you need assistance raising your leg, feel free to use a yoga strap or stretch band placed behind the calf of your raised leg and gently pull your leg up until you feel the stretch.

4. Lower Back Stretch

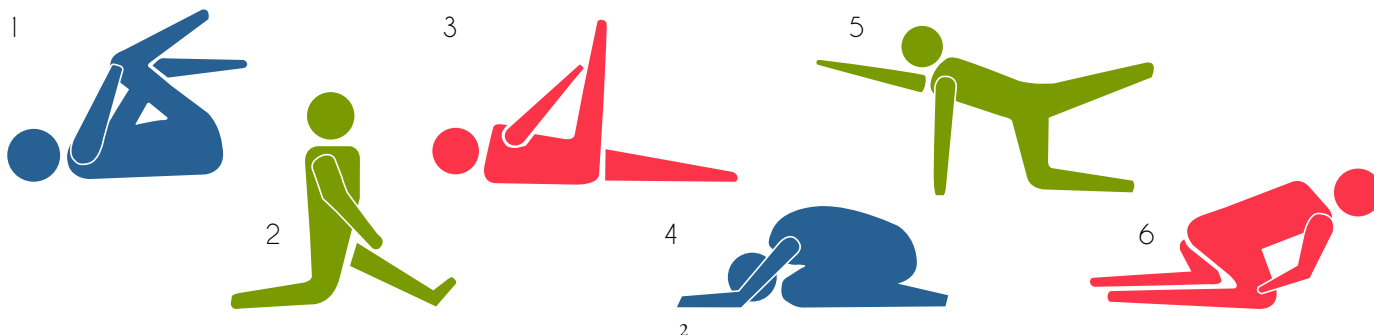
Kneel down and reach your hands as far forward as you can while simultaneously pushing your hips back and down into your heels. Hold for 20 to 30 seconds.

5. Lower Back Mobilization

This is a great strengthening exercise for the underdeveloped muscles of the lumbar (lower spine). Begin on all fours like a crawling baby. Simultaneously raise the left arm and the right leg. Hold at the top of this movement for 3 to 5 seconds before returning to the starting position. Repeat with right arm and left leg. Perform 10 times on each side.

6. Spine Stretch

Lie on your back with your knees bent at a 90-degree angle, feet flat on the ground. Lower both knees to the right side and turn your head to the left. Hold for 30 seconds and repeat on the opposite side.



Run for Your Life!

Jogging can add years and put a spring in your step. Here's the best part: **Less is more.**

The health benefits of jogging are legendary, from improving cardiovascular fitness to boosting mood. But there's more to starting or maintaining a running routine than "just do it." In fact, less may be more when it comes to the amount of time per week you spend jogging. In a recent long-term study, light joggers — those who ran slowly from 1 to 2.5 hours a week — outlived both people who didn't exercise at all (no surprise there) and those running strenuously for long hours. To begin a light jogging program, pace yourself and listen to your body. Couch-to-5K or other interval-based programs are a great way to start. Having the right gear really matters too, so make your first stop a running specialty store and have them fit you with shoes

that are right for you. Before you hit the road, talk with your doc if you have bone or joint issues, heart problems or respiratory issues like asthma, or if you're over 65.

Keep in mind that light jogging isn't the only route to a long, healthy life. Swimming, biking and power walking will also get your heart pumping healthier while having less impact on your joints.

By: Cleveland Clinic Wellness Editors



Healthy Recipe: Frittata with Baby Greens and Feta

Developed by Sara Quessenberry for Cleveland Clinic Wellness

Here's a dish that's so versatile you can make it for almost any meal — breakfast, lunch or dinner! The egg whites keep it light and the feta adds a creamy texture. Baby greens add color and an extra dose of fresh, delicious flavor.

Ingredients:

- 1 tablespoon extra virgin olive oil
- 1 yellow onion, sliced
- 8 cups (5 ounces) baby greens, such as spinach, Swiss chard, arugula or a mixture
- 4 large eggs
- 4 large egg whites
- ¼ teaspoon kosher salt
- ¼ teaspoon freshly ground black pepper
- 1 ounce feta cheese, crumbled (about 2 tablespoons)

Nutrition Info Per Serving:

(1 piece, approximately 7.5 ounces) 170 calories, 10 g total fat, 3 g saturated fat, 0 g trans fat, 4 g protein, 8 g total carbohydrate, 3 g fiber, 2 g sugar, 190 mg cholesterol, 360 mg sodium

Instructions:

Heat the oven (with the oven rack in middle) to 350°F.

Place a medium-sized cast iron or regular skillet over medium-high heat. Add the oil and heat until it shimmers. Add the sliced onion and cook, stirring occasionally, for 5 minutes. Then lower the heat to medium and cook, stirring often, until golden brown and tender, 5 to 7 minutes more.

Meanwhile, in a medium bowl, whisk together the eggs, egg whites, salt and pepper.

Once the onion is tender, add the greens. Cover with a lid and let cook, untouched, for 1 minute. Then remove the lid and, using tongs, toss together and cook approximately 1 minute more until the greens are just barely wilted. Remove from heat.

Pour the beaten eggs over the wilted greens, making sure they are evenly distributed. Crumble the feta over the top. Transfer to the oven and bake until the center of the frittata is set, about 15 minutes.

Servings: 4



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BENEFITS STRATEGY & BENCHMARKING SURVEY

EXECUTIVE SUMMARY & STRATEGIC INSIGHTS

Charting a Steady Course



**DATA
DRIVES
DECISIONS™**

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This Executive Summary focuses on the key findings of our research—insights drawn from significant patterns identified within the data—and their strategic implications.

Survey Overview4

Key Findings & Implications6

Final Remarks9

About Gallagher10

Contributors11

Survey Overview

It can sometimes seem — to many employers — like the only reliable constant in the benefits and human resources environment is change. And arguably, navigating the headwinds of today's competitive climate is more challenging than ever. The purpose of Gallagher's 2016 Benefits Strategy & Benchmarking Survey is to provide information and insights that make your work easier and support confident decision-making.

Gallagher's comprehensive survey, conducted from January to March 2016, aggregates responses from 3,107 organizations across the United States. More than 300 questions covering the total rewards spectrum were included, using data parameters that allow you to focus on results specific to your relevant market. The charts in this section profile participating organizations by geography, ownership structure, workforce size and industry.

GEOGRAPHY

- Northeast
- North Central
- South Central
- Southeast
- West

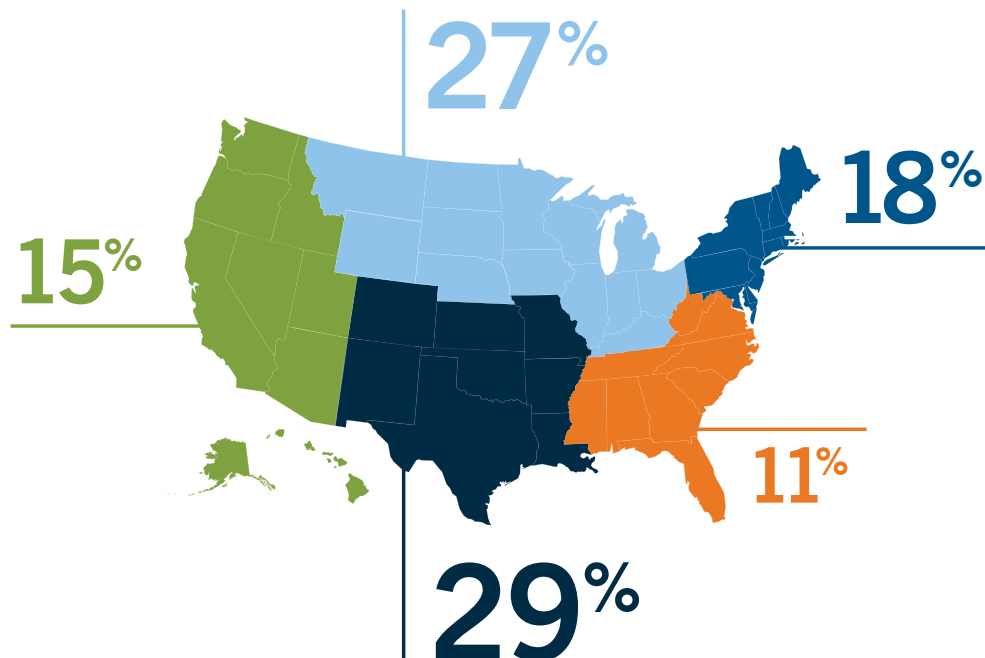
OWNERSHIP STRUCTURE

- For-profit organizations
- Nonprofit organizations



















WORKFORCE SIZE

- Small employer — under 100 FTEs
- Lower midsize employer — 100 to 499 FTEs
- Upper midsize employer — 500 to 999 FTEs
- Large employer — 1,000 or more FTEs

Region



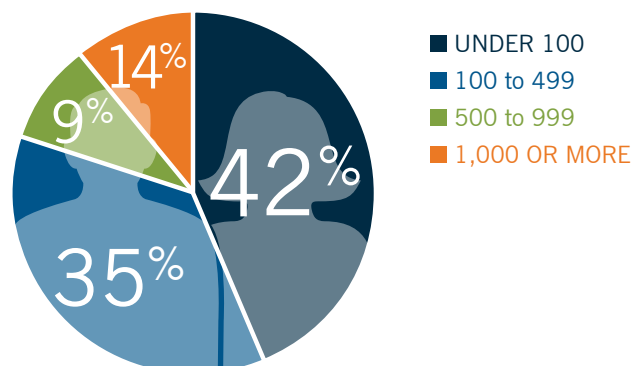
Industry

NUMBER OF ORGANIZATIONS		
PUBLIC ENTITY		418
MANUFACTURING		415
HEALTHCARE		310
EDUCATION		295
BUSINESS SERVICES		241
FINANCIAL SERVICES		194
TECHNOLOGY		186
CONSTRUCTION		184
SOCIAL SERVICES		151
ENERGY		117
RETAIL		114
HOSPITALITY/RESTAURANT/ENTERTAINMENT		110
WHOLESALE		90
TRANSPORTATION		86
ASSOCIATIONS		77
LEGAL		56
RELIGIOUS INSTITUTIONS		39
PHARMACEUTICAL		24

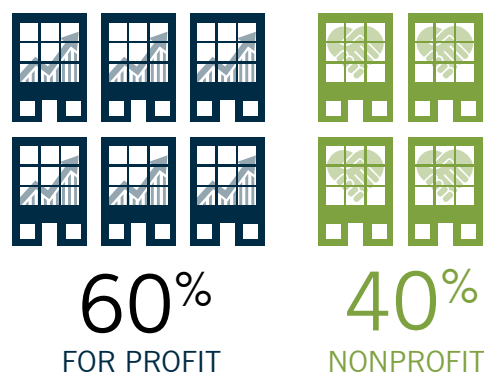
In addition to this Executive Summary, a comprehensive U.S. National Report is available covering major benefit and related categories. They include: Human Capital Strategy; Medical Benefits; Wellness Programs; Employee Communications; Employee Engagement; Dental Benefits; Life Insurance, Long-term Care & Voluntary Benefits; PTO, Leaves & Disability Benefits; and Retirement Benefits. Each of these sections features core data highlights and wraps up with key takeaways, offering you a practical perspective on significant benefit category trends and best practices that Gallagher is observing firsthand.

To discuss your human capital vision and strategies for securing a sustainable future, contact your local Gallagher representative or one of the advisors listed on page 11.

Full-time employees (FTEs) — domestic



Ownership structure



Key Findings & Implications

Recurring media headlines about the struggle of national and global economies to achieve more than modest growth are relatable for many people, in a variety of ways. For benefits and human resource professionals, they speak volumes about their day-to-day business challenges.

HR is tasked with securing the talent that will help their organization compete, succeed and prosper in a tightening labor market. For most employers, this means offering a standout benefits package that motivates key talent to join and stay with their organization, while controlling rising healthcare and other benefit costs — a tall order in the current environment. Combined with the changing demographics and related expectations of today's workforce, as well as a complex patchwork of employment regulations, these challenges can make solutions seem anything but simple.

In reality, opportunities for a reliable and sustainable approach to achieving talent objectives and organizational performance goals are entirely attainable with a data-driven, integrated approach. This report begins by identifying four primary conclusions that shed light on how employers are managing the situation.

1 Similar operational and HR priorities drive efforts to maximize the total value of human capital investments.

Asked to identify their top three operational priorities, employers named attracting and retaining a competitive workforce (62%), controlling benefit costs (48%) and

revenue growth (48%). These results aligned closely with their most important HR priorities, including controlling benefit costs (53%), retaining talent (47%) and attracting talent (42%). Ranked fourth and fifth, training and developing employees (40%) and increasing workforce engagement (34%) are equally important HR priorities.

The extent of this symmetry among the top priorities reflects a need to make the most of human capital investments — to attract, develop, engage and retain talented people while controlling costs.

2 The level of confidence in the effectiveness of key benefit program strategies is split, in many cases almost down the middle.

- **Healthcare:** Nearly half (47%) of all employers, and about 60% of large employers, agree or strongly agree they're confident about the effectiveness of their strategy for managing healthcare costs.
- **Engagement:** Nearly 60% of all employers, and just over half of large employers, agree or strongly agree their workforce is highly engaged, motivated, satisfied and committed to their organization.
- **Wellbeing:** About half (51%) of all employers, including 53% of large employers, agree or strongly agree they have an effective strategy to promote employee health and wellbeing.
- **Communications:** Over half (53%) of all employers, and 50% of large employers, agree or strongly agree their organization communicates successfully with its employees.

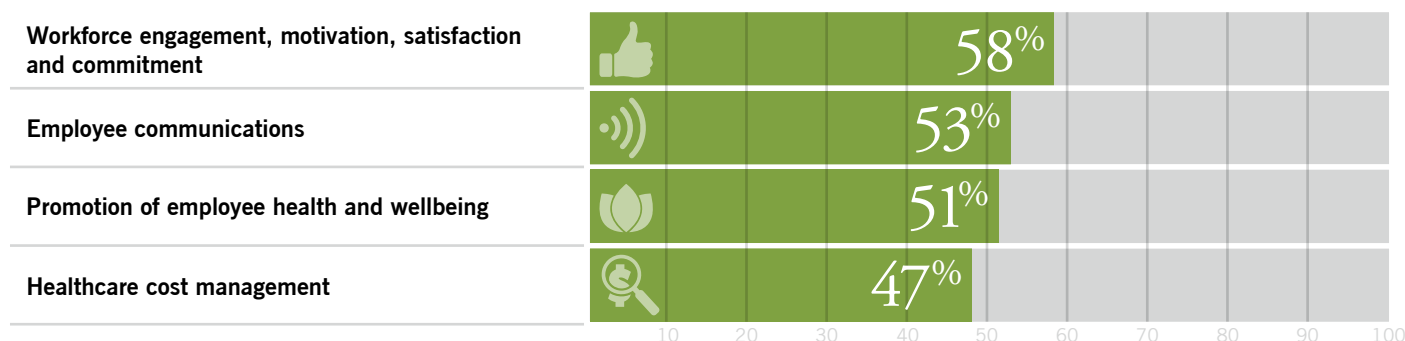
Overall, these findings suggest that about 50% to 60% of employers are confident about the strength of their healthcare, workforce engagement, wellbeing and communication strategies. The balance have a neutral outlook or don't think their efforts are successful.



Top operational priorities

- Attracting and retaining a competitive workforce
- Controlling benefit costs
- Revenue growth

Have confidence in the effectiveness of current benefit strategies



3 While some employers use a data-driven, proactive approach to planning, many would likely benefit from strategic improvements to this process.

- **Benefits and compensation:** Slightly more than three-quarters (76%) of all employers (vs. 54% of large) plan their benefits year to year, based on costs and business conditions. In contrast, just 8% (vs. 20% of large) use a multi-year planning process with multiple data inputs.

Similar to benefits planning, 70% of employers overall (vs. 54% of large) plan their compensation approach year to year, compared to 10% overall (vs. 18% of large) that take a multi-year, multi-data source approach. Possibly related to the use of limited data sources for year-to-year planning, 17% of all employers believe they spend too much on benefits compared to wages and bonuses. This shorter-term approach may also be a reason that over half of overall and large employers admit that they don't spend enough on training and developing their workforce.

- **Engagement:** Just 38% of all employers, but nearly 60% of large employers, have a strategy to improve employee engagement. And, while over half of large employers have used a survey to measure their employees' motivation, satisfaction and commitment in the past two years, under one-third of all employers have taken this step.

- **Communications:** Most employers (71%) characterize their employee communications strategy as "program-by-program." Only 16% overall and 23% of large employers take a comprehensive approach.
- **Retirement:** Large employers tend to invest more in retirement benefits than the total survey population. Almost all large employers offer some form of retirement benefits (86% vs. 72% overall), and at some level, have gauged their employees' retirement readiness (44% vs. 33% overall).
- **Leaves and disability:** Most employers (59%) agree or strongly agree that the proper administration of lost time benefits is a top priority, including the need to consider Americans with Disabilities Act implications. Yet, many (40%) haven't developed an absence management strategy.

4 Medical and pharmacy benefits are major areas of focus and emerging innovation.

It's worth noting that two-thirds of all employers (vs. 77% of large) agree that medical and pharmacy benefits are a cornerstone of their total benefits offering. They also see these benefits as key elements of successful recruitment and retention efforts. However, medical and pharmacy benefits account for the majority of benefits spend and also drive cost increases. In fact, nearly one-quarter of employers experienced cost increases in 2016 that exceeded their 2015 outlay by 10% or more. Another 22% faced increases from 6% to 9.9%.

With these factors in play, employers are more aggressively adopting changes to their medical and pharmacy benefits approach. Some changes could substantially improve cost-control outcomes, and even add employee value.

Consider these statistics:

- **Self-insurance:** Currently, 75% of large, 58% of upper midsize and 34% of lower midsize employers have a self-insured funding arrangement for their medical and pharmacy benefits. This choice appears to be on an upswing. Within the next two years, another 12% of upper midsize and 14% of lower midsize employers expect to follow suit.
- **Consumer-directed health plans (CDHPs):** According to the survey, nearly half (46%) of employers may offer a CDHP within two years. This prediction is based on the 31% that now use this option and an additional 15% that are likely to adopt it by 2018.
- **Narrow or limited provider networks:** At present, 18% of all employers (vs. 26% of large) use narrow networks to help control healthcare costs, and often, to promote quality. Another 9% overall (vs. 17% of large) intend to adopt this tactic within two years.
- **Reference-based pricing:** About 10% of employers have adopted reference-based pricing. This practice sets a cap on how much a plan sponsor will pay for a specific healthcare service, and the patient covers the difference. Within two years, the use of this cost-containment solution is expected to nearly double, with the most robust growth among upper midsize and large employers.
- **Telemedicine:** On the rise in recent years, telemedicine is used by 24% of employers overall (vs. 43% of large). Within two years, another 18% of the total survey population expect to introduce this medical benefit (vs. 28% of large).

- **Pharmacy carve-out:** The number of employers that carve out pharmacy benefits from their health plan is predicted to increase from 14% to 24% within the next two years. Survey results also show strong growth for large employers, from 36% to 54%.

Implications

Gallagher's survey results show that organizations are making a determined effort to maximize the competitive value of their compensation and benefit investments. While many are confident in their strategies, many others lack that certainty. And many, if not most, have gaps in their strategic processes and use of data — gaps that are often caused by short-term, reactive choices related to benefits and programs instead of longer-term, proactive decisions.

Regulatory complexity, competition for talent and upward pressure on costs are all strong forces that shape what seems to be the “new normal” for benefit and human resource professionals, making it difficult to allocate time, focus and energy to planning. Yet, prioritizing data-driven strategic planning, and taking deliberate steps toward process improvements, provides the structure and reliability needed to manage these compounded challenges. For some organizations, this could mean an end-to-end transformation. Others may do best by focusing on one or two areas such as retirement, engagement or wellbeing, where a data-driven process increases the potential for key insights and quick wins. Whatever the scope, it's important to begin with a candid self-assessment of current programs and related processes, and based on findings, to set realistic goals for strategic process improvement.

Final Remarks

In the past year, HR and benefit professionals have heard the call to become more strategic. Organizations require outstanding people — more than anything — to drive and sustain their ongoing success.

The key findings and implications in this report offer you a compass for holistic, integrated compensation and benefits planning. Considered together, they provide context and direction that can help you transform your HR and benefit strategies, and in the process, create the engaging employer-of-choice environment your employees need to achieve and sustain success.

Additional Resources

This Executive Summary is part of a series of publications produced by Gallagher. The resources listed below provide additional insights and information for optimizing your human capital investment:

- **2016 Benefits Strategy & Benchmarking Survey — U.S. National Report**
- **2016 Human Capital Insights & Strategies Report**
- **Healthcare Reform Employer Resources**
- **Institutional Investment & Fiduciary Services Weekly Market Update**
- **Directions Newsletter, published monthly**

These materials and other resources are available in Gallagher's online Knowledge Center at <http://www.ajg.com/knowledge-center/>.

About Gallagher

Brilliant benefit solutions build brilliant businesses.

How will healthcare affect your organization? What steps do you take to ensure your HR policies comply with federal, state and country-specific regulations? How are you helping your employees save enough for retirement? What's the best approach for developing a competitive total rewards program that establishes you as an employer of choice?

You need answers. A tailored benefits solution provides them.

That's what Arthur J. Gallagher & Co. does. Tailored benefit solutions. Our trusted advisors get to know you, your organization and employees. With that insight, we help you better manage your domestic and international benefits, HR, compensation and retirement challenges.

Our benefit solutions help your people work better so they can make your business perform better.



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2016



BENEFITS STRATEGY & BENCHMARKING SURVEY

INDUSTRY ADDENDUM — PUBLIC ENTITY

Charting a Steady Course

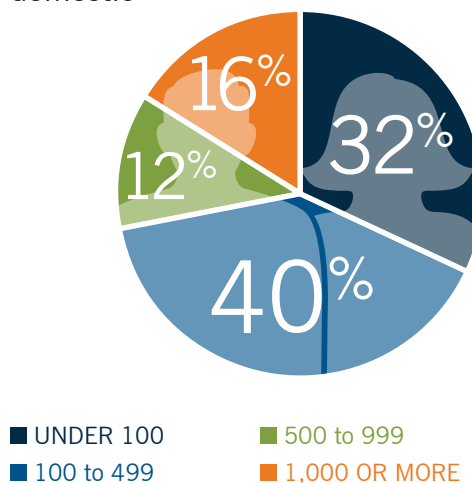
Survey Overview

Gallagher's 2016 Benefits Strategy & Benchmarking Survey provides insights into how benefit and human capital challenges are addressed by over 3,000 organizations nationwide. This addendum highlights select key findings and implications based on the 418 public entity organizations that participated in this year's research.

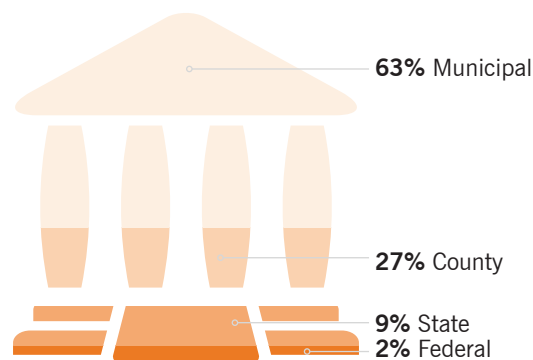
Many public entities have been slow to evolve and implement new benefit management approaches. However, certain developments in the last five years have urged public entities toward change. The challenges of the Patient Protection and Affordable Care Act (PPACA) and the potential onset of the Cadillac tax have introduced new obstacles. Influenced by the need to balance their budgetary objectives with competitive benefit offerings, public entity boards have started to call for the adoption of benefit management strategies used in the private sector. This blurs the lines between the two types of organizations. Stresses on the defined benefit pension system are also creating uncertainty and driving a need for forecasting and strategic planning.

All of these forces and factors intensify the pressure to address benefit costs, increase employee involvement as benefit consumers, and establish a forward-looking total compensation and benefits management strategy. We hope this analysis helps you overcome these industry challenges and compete as a destination employer.

Full-time employees (FTEs) — domestic

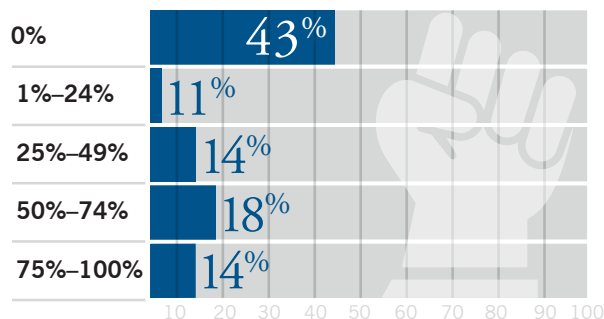


Type of public entity organization¹



¹ Due to rounding, percentages do not total 100%

Percentage of workforce unionization



Human Capital Strategy

Top priorities align and focus on cost management



Top operational
priority
80% Controlling
benefit costs

Top HR priority
67% Controlling
benefit costs

Biggest challenges in managing healthcare costs



64%
High cost of
medical services



49%
High cost of
prescription drugs

Controlling benefit costs is becoming more critical from both HR and operational standpoints. Current offerings and strategies leave many public entities with contribution structures that can't be maintained, and that also increase their medical and pharmacy costs.

Gaps in both strategic processes and the use of data reflect near-term, reactive decisions about benefit programs. Prioritizing data-driven strategic planning and process improvements will provide the structure and reliability needed to manage considerable cost and sustainability challenges.

A good starting point for improving strategic processes is a candid self-assessment of current programs and related processes. The findings will help public entities prioritize their focus and guide them in setting realistic goals. Areas where a data-driven process increases the potential for key insights and quick wins — like retirement, engagement or wellbeing — should be considered. A comprehensive long-term management strategy can help these employers aggressively address cost challenges.

Most rely on near-term planning with few data inputs



Medical Benefits

Cadillac Tax

64%

Will continue to focus on managing healthcare costs to avoid triggering the Cadillac tax in 2020



View of the Cadillac tax



55%

Intrusion into healthcare benefits decision-making

35%

Unwelcome cost and business threat

Despite postponement, the Cadillac tax persists as a potentially significant benefits management burden. Based on public entities' current healthcare offerings, many of their plans will hit the Cadillac tax threshold of \$10,200 for individual plans, creating an affordability challenge. This burden can be relieved with help from employees through greater cost sharing. Benefit adjustments will also reduce the strain by establishing a benefits structure that is both affordable and sustainable under PPACA.

Plans that need changes and must be negotiated through collective bargaining require a longer-term planning horizon. When employers strategically prepare, they are better positioned for these discussions.

Consumerism

Median annual deductible for individual and family coverage

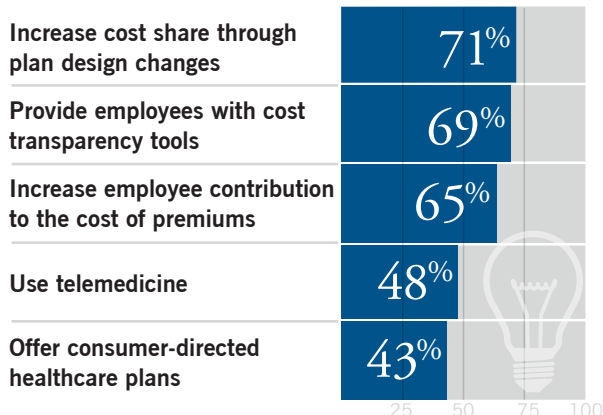
\$750



\$1,500



Innovation projections by 2018

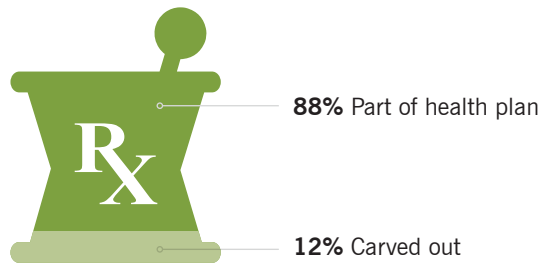


Employee cost sharing among public entities registers significantly lower than the overall employer average. Public entities report median annual medical deductibles at half the amounts of employers overall, and the industry's median out-of-pocket maximums are also lower by \$950–\$1,800. A shift in cost control toward greater adoption of cost sharing, consumerism and innovative approaches is expected within two years.

When evaluating approaches to cost control, employers should look closely at the full range of innovative options. Private exchanges, centers of excellence, narrow or limited networks, reference-based pricing, smoking surcharges, decision-support consultations and other tactics can all help ease employees' cost-sharing responsibilities.

Pharmacy

Type of pharmacy coverage



Another 9% plan to carve out coverage by 2018

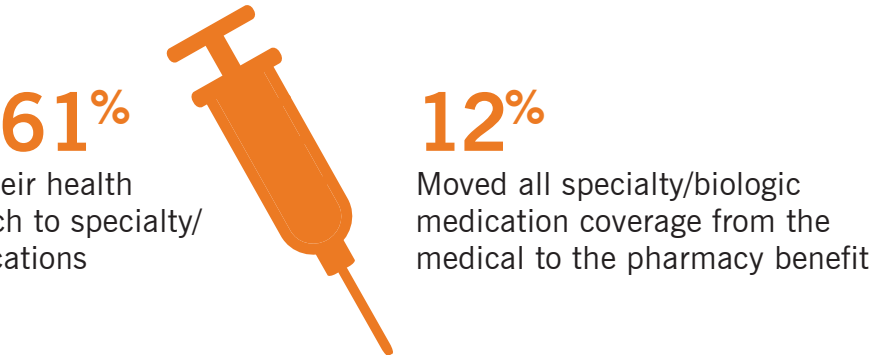
Public entities typically carve in the pharmacy benefit and rely on their health plan for pharmacy benefits management. Copayments are the predominant form of cost sharing with medians ranging from \$10–\$50 for retail prescriptions. The use of a copayment for employee cost sharing is notably higher for pharmacy compared to the medical benefit.

Specialty and biologic medications are drawing more attention because of their high costs and rapidly growing utilization and pipelines. Some employers are actively exploring options for better management of all rising pharmacy costs, and particularly their specialty and biologics spend. However, only a minority of public entities are currently managing their speciality and biologic medications aggressively and most aren't familiar with their health plan's approach. Analytics that enable cost reduction by identifying gaps and introducing competition into the pharmacy benefit manager (PBM) selection process should be considered.

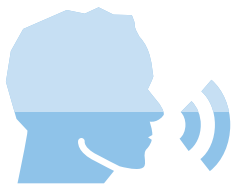
Snapshot:
Pharmacy
cost sharing
(median)

	Retail	Mail Order*
Generic Rx copay	\$10	\$20
Preferred Rx copay	\$30	\$60
Non-preferred Rx copay	\$50	\$116

*90-day supply



Employee Communications



50%

Strongly agree or agree employee communications are successful



74%

Characterize their employee communications strategy as “program-by-program”

12%

Take a comprehensive approach

Many public entities are unsatisfied with their employee communications and use programs that aren't cohesive. Most have strategies for individual programs such as safety, wellness or benefits enrollment, but few truly have a comprehensive strategy. Indicators of a communication gap may include issues related to employees' lack of understanding or appreciation of their compensation and benefits. Low engagement in wellness programs and limited participation in employer-offered retirement plans are other possible signs.

Employers that harbor any doubts about the success of their communications should consider developing a comprehensive communication strategy. Researching employee needs and preferences — through surveys, interviews, focus groups or other methods — often provides valuable insight and direction.

Top three outcomes that employers believe would increase the effectiveness of their communications

- 1** Employees understand the full value of their compensation and benefits
- 2** Employees are well informed and up to date about their benefit choices
- 3** Insight into what employees think and feel is gathered and used to inform communications

Retirement Benefits



84%
Have a
retirement
program

Types of plans offered

Defined benefit	79%
401(k)	27%
403(b)	15%
Profit-sharing	18%
Cash balance	4%

Public entity employers continue to rely on their defined benefit (DB) plan to meet employee retirement needs. However, underfunding of pensions at state and municipal levels is creating stress on the DB system. And, when restructuring is needed, the responsibility usually falls on the individual public entity.

Employers should look ahead and plan for challenges to their current DB structure. Important steps include setting employees up for financial success in retirement by assessing their readiness and educating plan participants. Through greater awareness and understanding, retirement offerings can be tailored more closely to the needs of the workforce. Employers can also reduce the health and productivity risks of personal financial uncertainty, especially as employees near the end of their careers.



42%
Gauge employee
retirement readiness

Defined benefit plans still dominate



Plan open to new enrollment	91%
Payout based on highest three years	37%
Payout based on highest five years	36%
Funding levels of 80% or more	65%



Gallagher Public Entity & Scholastic Group
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Austin ISD

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2015 Texas School District Customized Benchmarking Report

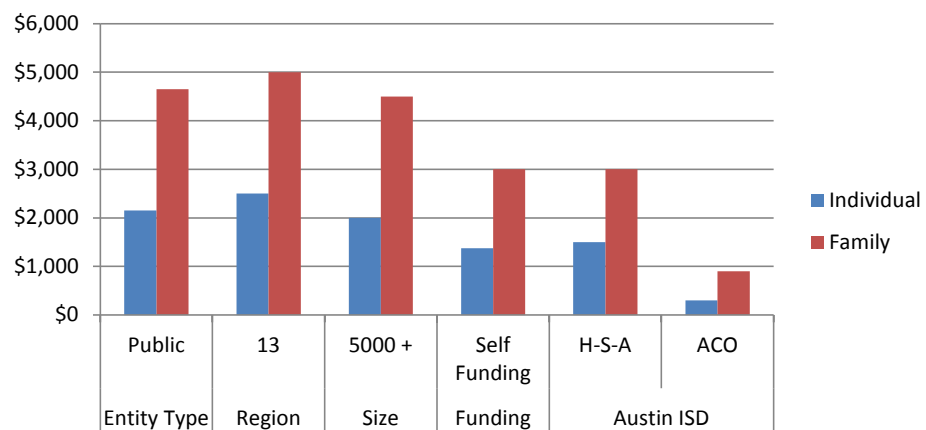


Medical Benefits

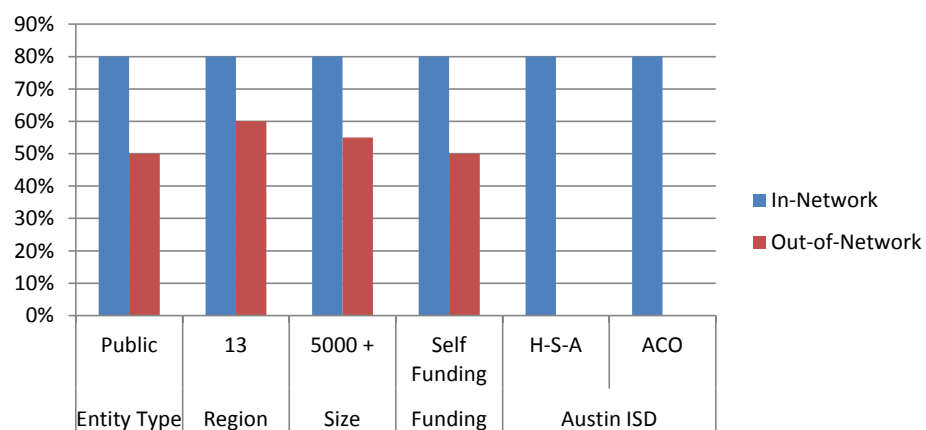
DEDUCTIBLE & COINSURANCE

Category		Median In-Network Deductible (\$)		Median Coinsurance (%)	
		Individual	Family	In-Network	Out-of-Network
Entity Type	Public	\$2,150	\$4,650	80%	50%
Region	13	\$2,500	\$5,000	80%	60%
Size	5000 +	\$2,000	\$4,500	80%	55%
Funding	Self Funding	\$1,375	\$3,000	80%	50%
Austin ISD	H-S-A	\$1,500	\$3,000	80%	0%
	ACO	\$300	\$900	80%	0%

Deductible Amount



Coinsurance



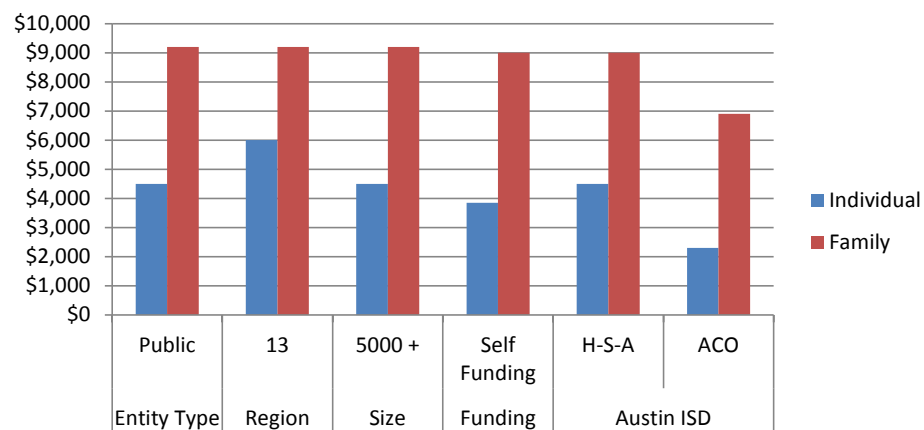


Medical Benefits

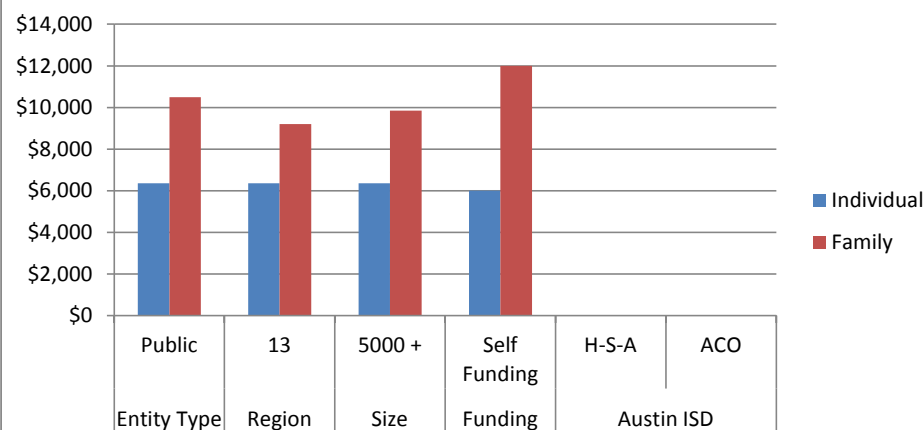
OUT OF POCKET MAX

Category		In Network		Out of Network	
		Individual	Family	Individual	Family
Entity Type	Public	\$4,500	\$9,200	\$6,350	\$10,500
Region	13	\$6,000	\$9,200	\$6,350	\$9,200
Size	5000 +	\$4,500	\$9,200	\$6,350	\$9,850
Funding	Self Funding	\$3,850	\$9,000	\$6,000	\$12,000
Austin ISD	H-S-A	\$4,500	\$9,000		
	ACO	\$2,300	\$6,900		

In Network



Out of Network



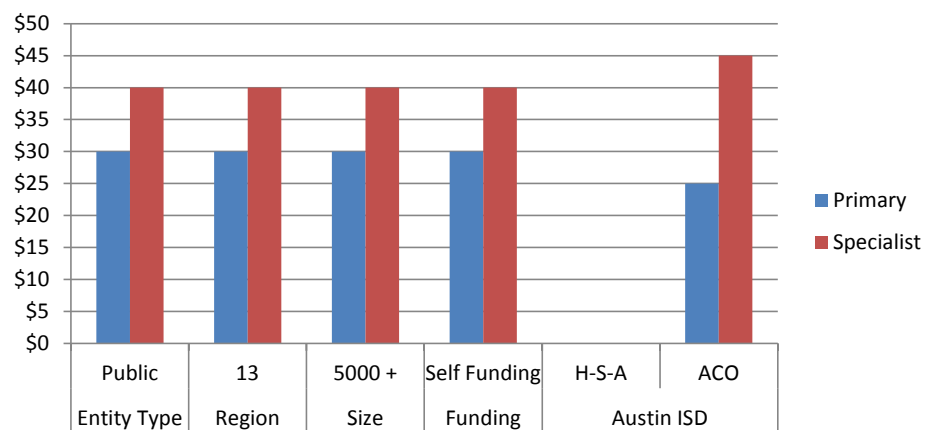


Medical Benefits

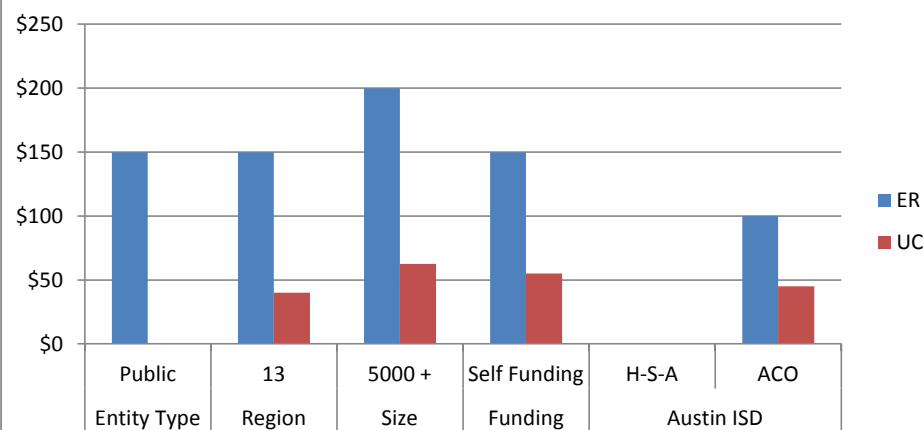
Copays

Category		Office Visit		Other Services	
		Primary	Specialist	ER	UC
Entity Type	Public	\$30	\$40	\$150	#VALUE!
Region	13	\$30	\$40	\$150	\$40
Size	5000 +	\$30	\$40	\$200	\$63
Funding	Self Funding	\$30	\$40	\$150	\$55
Austin ISD	H-S-A				
	ACO	\$25	\$45	\$100	\$45

Office Visits



Other Services



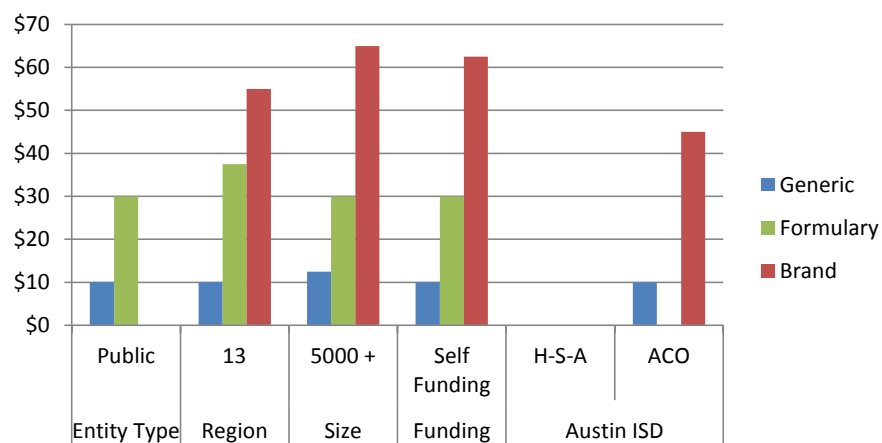


Medical Benefits

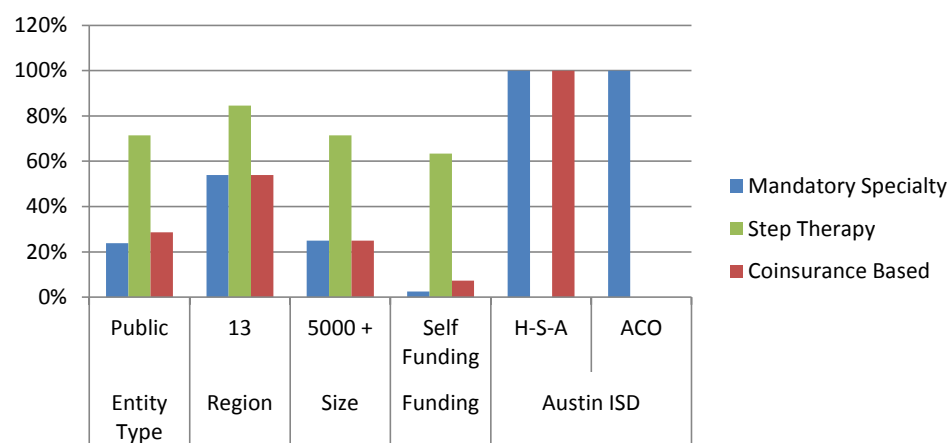
Pharmacy

Category		Copays			Programs		
		Generic	Formulary	Brand	Mandatory Specialty	Step Therapy	Coinsurance Based
Entity Type	Public	\$10	\$30	#VALUE!	24%	71%	29%
Region	13	\$10	\$38	\$55	54%	85%	54%
Size	5000 +	\$13	\$30	\$65	25%	71%	25%
Funding	Self Funding	\$10	\$30	\$63	2%	63%	7%
Austin ISD	H-S-A				100%	100%	100%
	ACO	\$10	\$25	\$45	100%	100%	0%

Deductible Amount



Programs

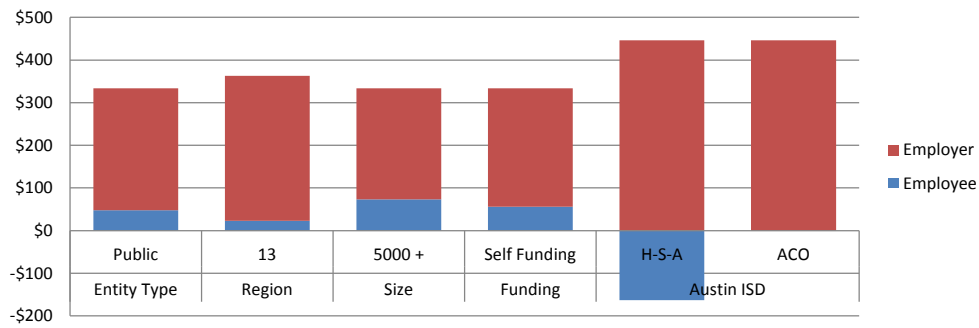




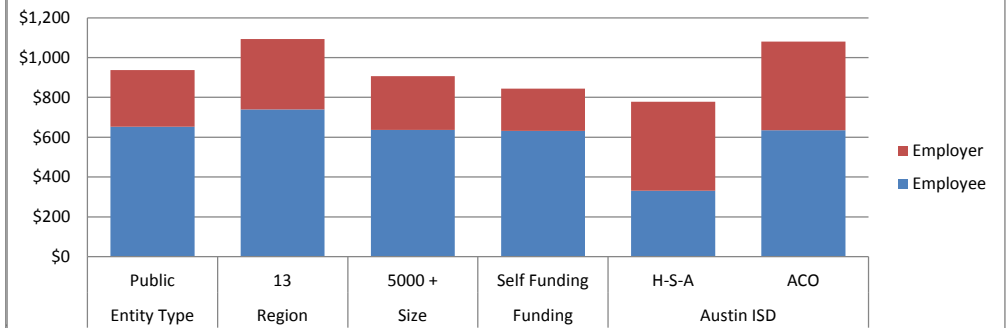
Medical Benefits

Category		Contributions \$					
		Total		Employee Contribution		Employer Contribution	
		Employee	Family	Employee	Family	Employee	Family
Entity Type	Public	\$334	\$938	\$48	\$653	\$286	\$286
Region	13	\$363	\$1,093	\$23	\$740	\$340	\$354
Size	5000 +	\$334	\$907	\$73	\$637	\$260	\$269
Funding	Self Funding	\$333	\$844	\$56	\$631	\$277	\$213
Austin ISD	H-S-A	\$283	\$778	-\$163	\$332	\$446.25	\$446.25
	ACO	\$446	\$1,081	\$0	\$634	\$446.25	\$446.25

Employee Only



Family



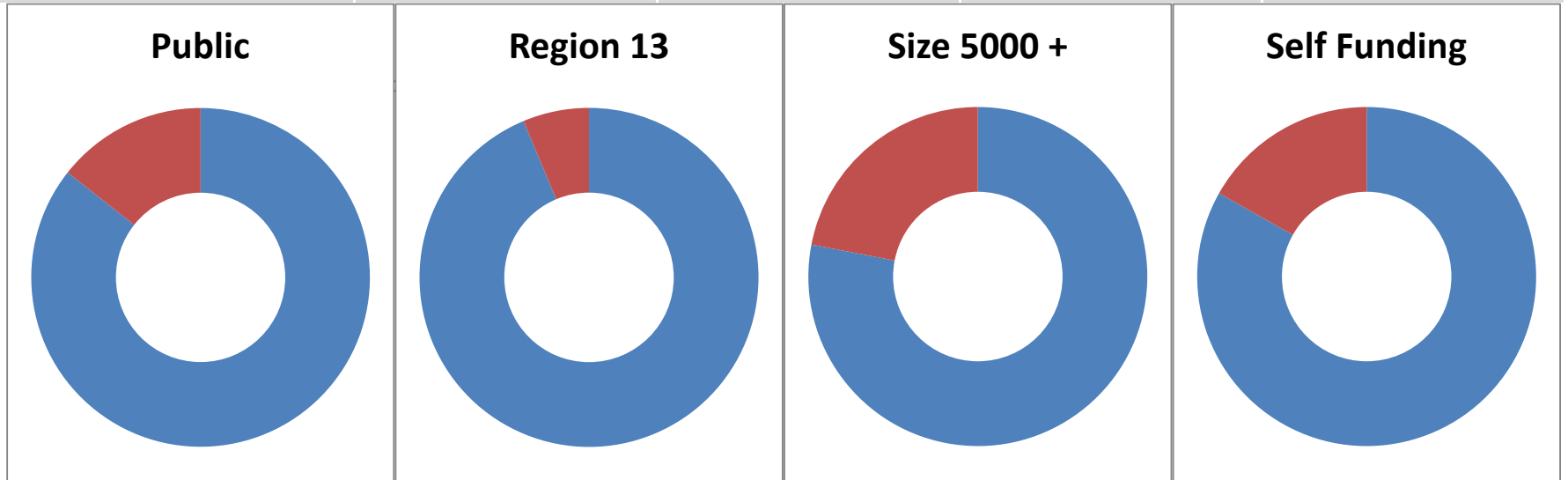


Medical Benefits

Contributions %

Category		Employer Contribution		Employee Contribution	
		Employee Only	Family	Employee Only	Family
Entity Type	Public	86%	30%	14%	70%
Region	13	94%	32%	6%	68%
Size	5000 +	78%	30%	22%	70%
Funding	Self Funding	83%	25%	17%	75%
Austin ISD	H-S-A	158%	57%	-58%	43%
	ACO	100%	41%	0%	59%

EMPLOYEE
EMPLOYER

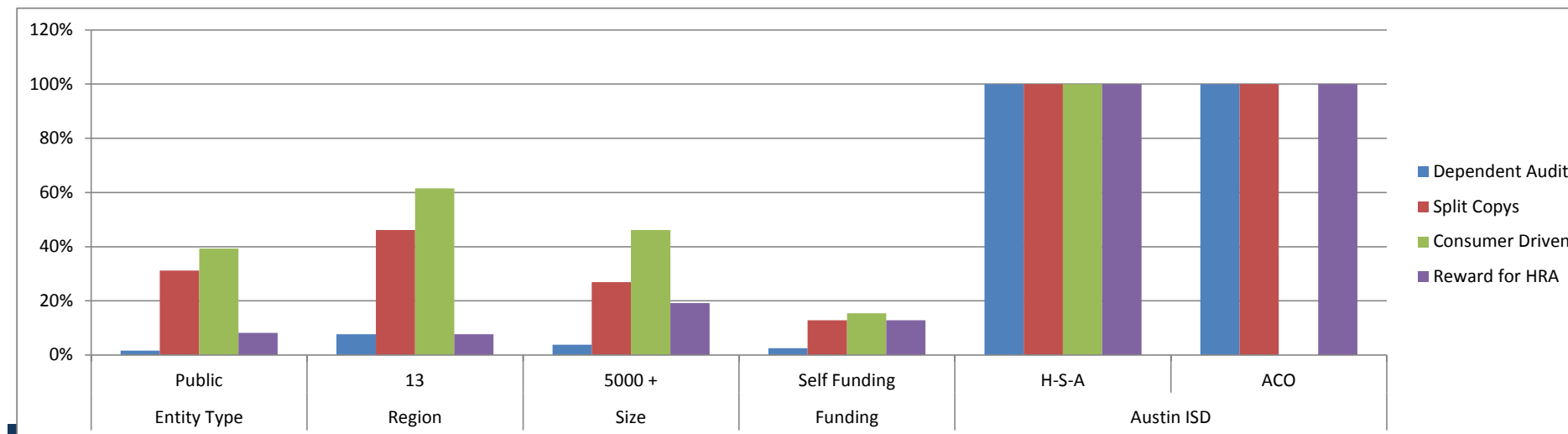




Medical Benefits

Cost Savings 1

Category		Dependent Audit	Split Copys	Consumer Driven	Reward for HRA
Entity Type	Public	2%	31%	39%	8%
Region	13	8%	46%	62%	8%
Size	5000 +	4%	27%	46%	19%
Funding	Self Funding	3%	13%	15%	13%
Austin ISD	H-S-A	100%	100%	100%	100%
	ACO	100%	100%	0%	100%

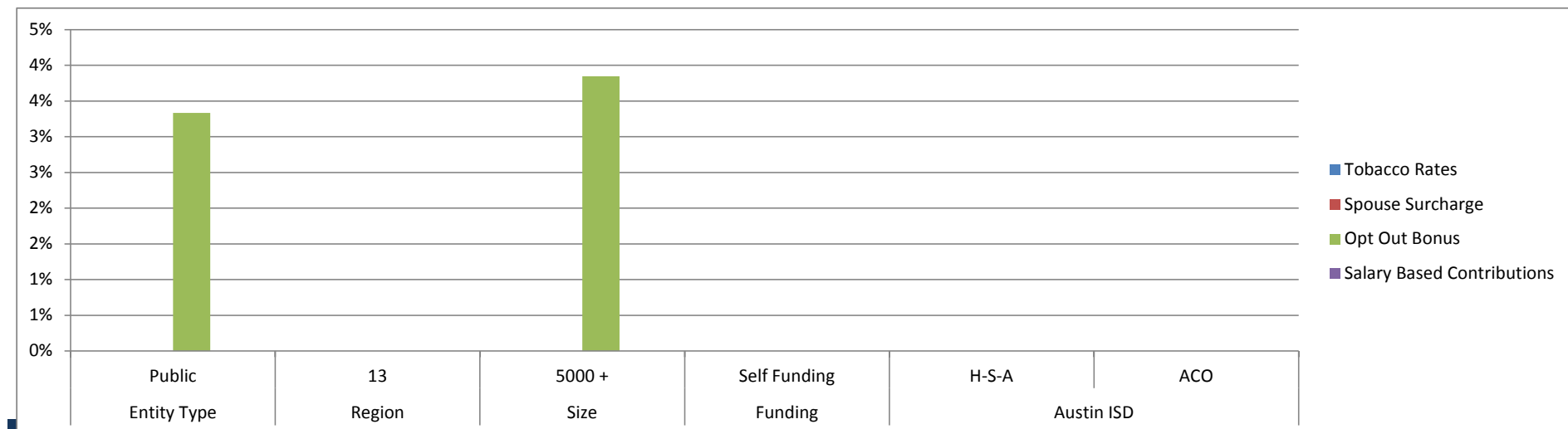




Medical Benefits

Cost Savings 2

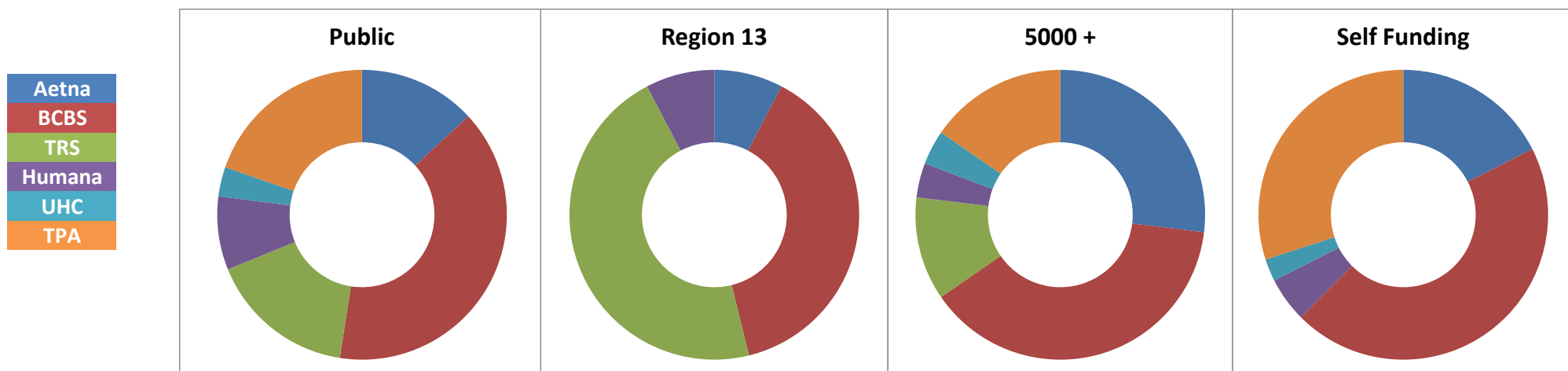
Category		Tobacco Rates	Spouse Surcharge	Opt Out Bonus	Salary Based Contributions
Entity Type	Public	0%	0%	3%	0%
Region	13	0%	0%	0%	0%
Size	5000 +	0%	0%	4%	0%
Funding	Self Funding	0%	0%	0%	0%
Austin ISD	H-S-A	0%	0%	0%	0%
	ACO	0%	0%	0%	0%





Medical Benefits

		Carrier					
Category		Aetna	BCBS	TRS	Humana	UHC	TPA
Entity Type	Public	13%	38%	16%	8%	3%	19%
Region	13	8%	38%	46%	8%	0%	0%
Size	5000 +	25%	36%	11%	4%	4%	14%
Funding	Self Funding	17%	44%	0%	5%	2%	29%





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Healthcare Reform UPDATE



January 16, 2017

Congress Instructs Key Committees to Draft Legislation to Repeal the Patient Protection and Affordable Care Act

Shortly after the 115th Congress was sworn into office, the Senate Republicans officially kicked off their efforts to transform healthcare reform when Senate Budget Chairman Mike Enz (R-WY) introduced a budget resolution containing fast-track instructions to defund the Patient Protection and Affordable Care Act ("PPACA"). Separately, bipartisan, bicameral legislation to repeal the Cadillac Plan tax, a 40 percent excise tax on high-cost employer-sponsored health coverage, was also introduced.

[Read More >>](#)

Final 2016 Notice of Benefit and Payment Parameters Includes Annual Cost Sharing Maximum

The Department of Health and Human Services ("HHS") released the final 2016 Notice of Benefit and Payment Parameters guidance late last year. The rules address an assortment of issues under the Patient Protection and Affordable Care Act ("PPACA") including risk adjustments, reinsurance, and risk corridors programs, cost sharing parameters, fees for the Federally-Facilitated Marketplaces, open enrollment for the 2016 Marketplace, eligibility verification during Marketplace special enrollment periods, and guaranteed availability and renewability. A bulk of the voluminous rules are applicable to insurers only, however, in this article we will discuss several issues relevant to employers.

[Read More >>](#)

Department FAQs Provide Guidance on QSEHRAs and Preventive Services

The Departments of Health and Human Services, Labor, and Treasury (the "Departments") recently released another set of frequently asked questions ("FAQs") on the Implementation of the Patient Protection and Affordable Care Act ("PPACA"). These FAQs specifically address the recently created Qualified Small Employer Health Reimbursement Arrangements ("QSEHRAs"), the coverage of preventive services, and special

Final Premium Tax Credit Regulations Largely Clarify Existing Guidance

In December, the Internal Revenue Service ("IRS") released final regulations relating to the premium tax credit provided to individuals who enroll in qualified health plans through a Marketplace. In particular, the final regulations provide clarification and technical amendments to existing premium tax credit regulations, such as, eligibility for the premium tax credit, the type of coverage that satisfies the requirement to offer coverage, and determining whether coverage is affordable. The final regulations will become effective for plan years beginning on or after January 1, 2017. Although not directly related to employers, this guidance is important for employers to understand because employees eligible to obtain a premium tax credit and do so, potentially expose applicable large employers to penalties under the Employer Mandate.

[Read More >>](#)

Regulators Decline to Modify Accommodation Process for Contraceptive Mandate

On January 8, 2017, government agencies released Affordable Care Act implementation FAQ Part 35 addressing accommodations for eligible organizations that object on religious grounds to providing coverage for contraceptive services under PPACA. PPACA requires that non-grandfathered group health plans and health insurance issuers

Summary of Benefits and Coverage and Uniform Glossary If the plan or issuer requires participants (or beneficiaries) to actively elect to maintain coverage or provide an opportunity to change coverage options during open enrollment, the SBC must be provided as part of the open enrollment materials. If the plan does not require a new election (an evergreen plan), the SBD must be provided no later than 30 days prior to the first day of the new plan year.				✓
Notices to plan participants, from employer and/or plan to be provided on an event-specific basis				
30-day Advance Notice of Rescission – first day of the first plan year starting on or after September 23, 2010				
ERRP Notice - within a reasonable time after the sponsor receives its first ERRP reimbursement http://www.errp.gov/download/Notice_to_Plan_Participants.pdf				✓
Notice of Claims Decisions (nongrandfathered plans only) -- www.dol.gov/ebsa/healthreform (scroll down to “Internal Claims and Appeals and External Review”) Notice of Adverse Benefit Determination Notice of Final Internal Adverse Benefit Determination Notice of External Review Decision				✓
Claims and Appeals Process Notices (nongrandfathered plans only) -- Description of plan’s internal appeals and external review process Availability of any applicable office of health insurance consumer assistance or ombudsman established to assist such enrollees with the appeals processes				
Annual Dollar Limit Waiver Notice – Must be included as part of any plan informational materials and in the SPD for each year the plan receives a waiver http://cciio.cms.gov/resources/files/06162011_annual_limit_guidance_2011-2012_final.pdf				✓
Patient Protection Model Notice (PCP and OB/GYN Choice Notice) (nongrandfathered plans only) – First day of the first plan year starting on or after September 23, 2010. Whenever an SPD or other similar description of the plan benefits is provided www.dol.gov/ebsa/healthreform (scroll down to “Pre-Existing Condition Exclusions...”)				✓
Material Modification to Summary of Benefits – For changes other than at annual enrollment, must be distributed no later than 60 days prior to the effective date of the change. Effective for enrollments beginning on or after September 23, 2012				
Medical Loss Ratio (MLR) Rebates: Notice When Rebate Made – Notices must be provided by August 1 of the year following the MLR reporting year for which the rebate is being issued. http://cciio.cms.gov/resources/other/index.html (scroll down to “Medical Loss Ratio”)				✓
Medical Loss Ratio (MLR) Rebates: Notice When Rebate Not Made – (for 2012 [2011 MLR year] only) must be provided with the first plan document (for example, open enrollment materials) provided to enrollees on or after July 1, 2012 http://cciio.cms.gov/resources/files/Files2/2012-0511-medical-loss-ratio-information.pdf				✓
Coverage Transparency Reporting and Cost-Sharing Information (nongrandfathered plans only) – Plan must provide coverage information to HHS and make “publicly available”. Cost-sharing information must be provided on request of participant in “timely manner.” Effective date originally plan years beginning on or after September 23, 2010. <i>*awaiting guidance</i>				

We share this information with our clients and friends for general informational purposes only. It is current as of the time of this writing, and is subject to change based on regulatory or other guidance. This information does not necessarily address all of your specific issues. It should not be construed as, nor is it intended to provide, legal advice. Questions regarding specific issues and application of these rules to your plans should be addressed by your organization’s legal counsel.



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Reporting

ABC Company

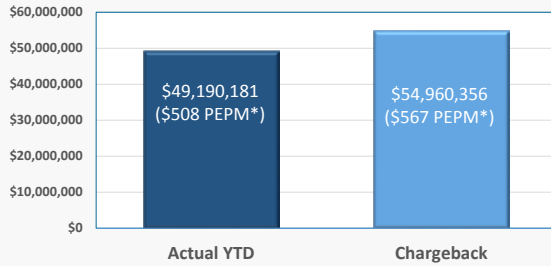
U.S. Health Plan Dashboard - 2015 Q4

Total Benefit Costs

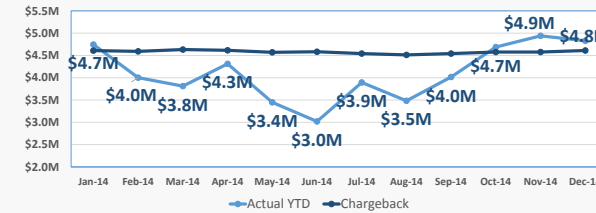
Reporting Period: Paid Calendar Year
Reporting Group: Active and COBRA Employees

YTD Total Cost

Actual vs. Chargeback - Net Company Cost

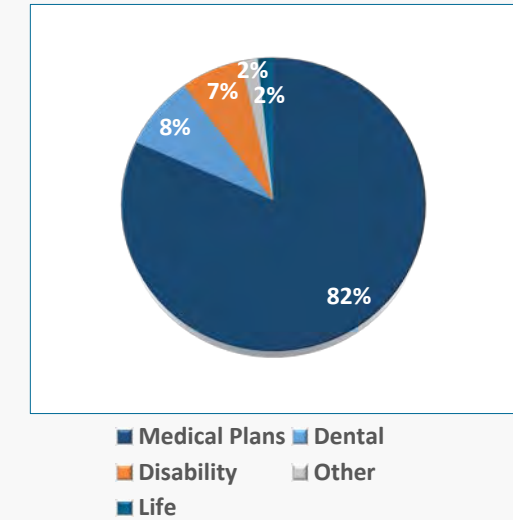


Net Company Cost by Month



Chargeback Spend

Percentage of Spend by Category



81%

of employees were enrolled in medical coverage

70%

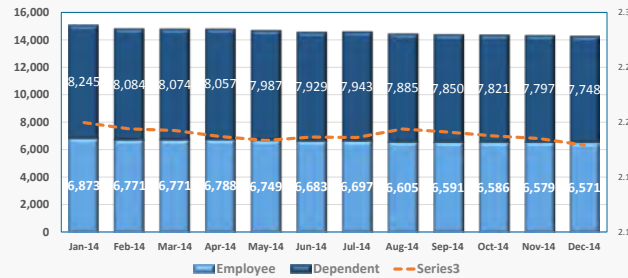
of enrolled employees chose the Independence plan over the Freedom plan

3.3

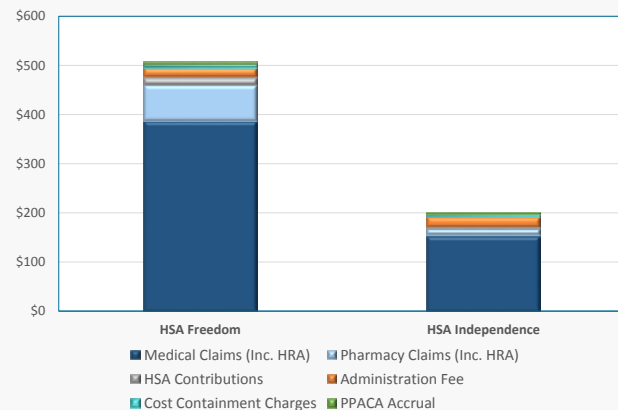
was the cost ratio of an employee in the Freedom plan versus the Independence plan

Claims Overview

YTD Enrollment Trend



Total Spend by Medical Plan - Per Member Per Month



\$754K

was paid for the Affordable Care Act's reinsurance tax in 2015

26%

of total plan costs were offset by employee contributions

45%

was the actual medical plan discount

1,357

employees self reported as tobacco users and paid the surcharge

568

employees paid the working spouse surcharge

1.2

was the average number of dependents covered by an employee

*PEPM is per employee per month.

ABC Company

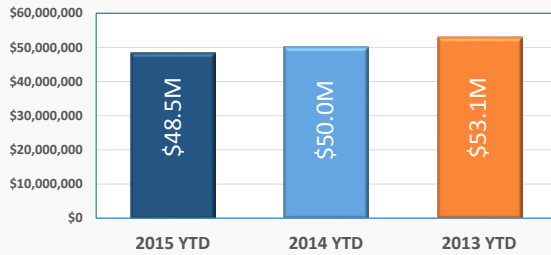
U.S. Health Plan Dashboard - 2015 Q4

Medical and Pharmacy Costs

Reporting Period: Paid Calendar Year
Reporting Group: Active and COBRA Employees

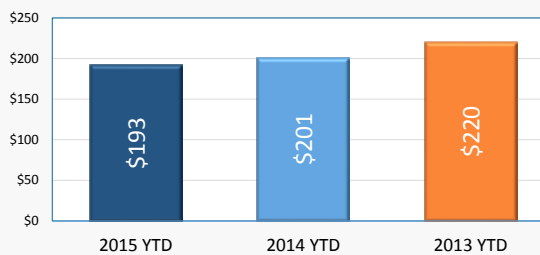
YTD Total Cost

Total Claims Cost



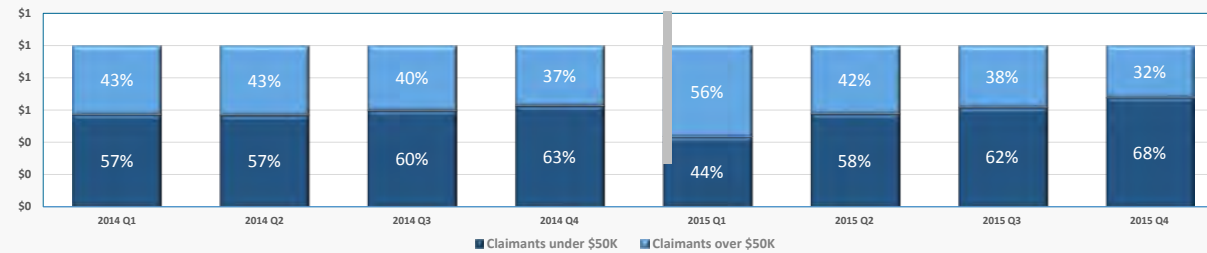
YTD Out-of-Pocket Cost

Average Employee Cost per Employee per Month

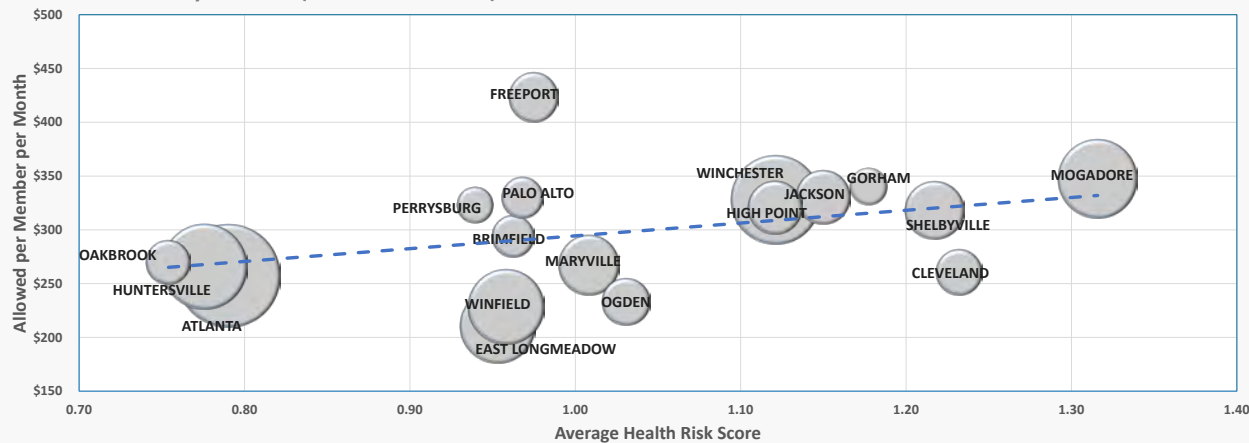


Claims Overview

Historical Costs per Employee per Month by Claimant Severity



Cost and Risk by Location (Claimants < \$500K)



33%

of employees reached their deductible (24% Independence; 54% Freedom)

24%

was the percentage of medical cost paid by employees out of pocket

53%

of enrolled employees set aside personal funds in their HSA

80%

of all prescriptions filled by members were generics

66%

of all employees and spouses had a preventive care visit

1.63

was the cost ratio of a spouse compared to an employee

Key Episode Summary

Episodes are built to analyze the full course of treatment for conditions. For example, one episode could include office visits, medication, surgery, facility charges, rehabilitation, etc.

Episode Group	Episodes	Allowed	Per Episode
Gastrointestinal	821	\$3,128,947	\$3,811
Ill-Defined Symptoms	3,081	\$3,010,045	\$977
Health Evaluation	7,850	\$2,850,705	\$363
Neoplasms	148	\$2,055,220	\$13,887
Musculoskeletal Spinal	1,133	\$2,043,774	\$1,804
Injuries	411	\$1,852,872	\$4,508
Health Services	258	\$1,761,276	\$6,827
Musculoskeletal Other	1,623	\$1,619,223	\$998
Cardiovascular Coronary	125	\$1,561,177	\$12,489
Female Health	1,382	\$1,470,051	\$1,064

ABC Company U.S. Health Plan Dashboard - 2015 Q4 Utilization Metrics

Reporting Period: Rolling 12 Months Incurred
Reporting Group: Active and COBRA Employees

Key Facts

3.2% was the annual increase of inpatient admissions per member

14% was the increase of the inpatient admission severity coding

18% of inpatient hospital stays were coded as re-admissions

67 members filled a tobacco cessation prescription in the last twelve months

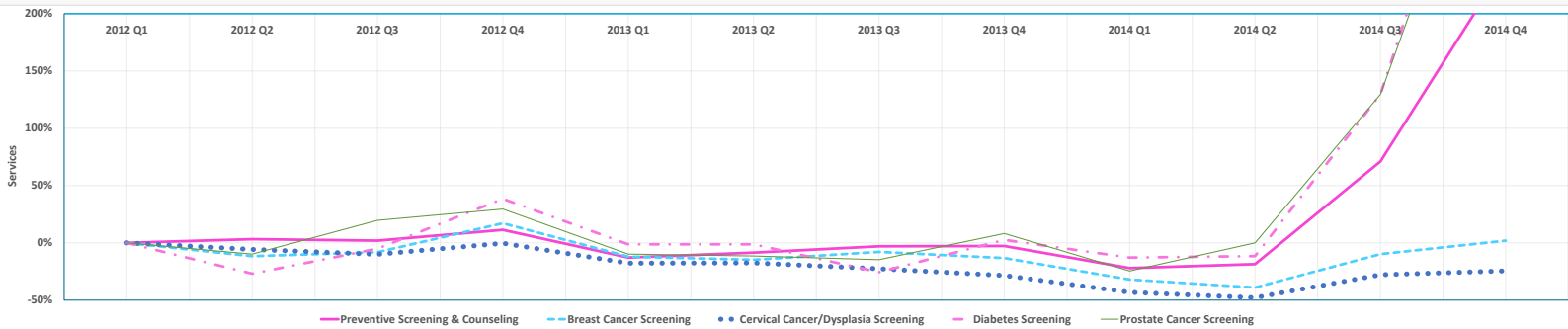
Episode Impact

Disease Management Opportunities

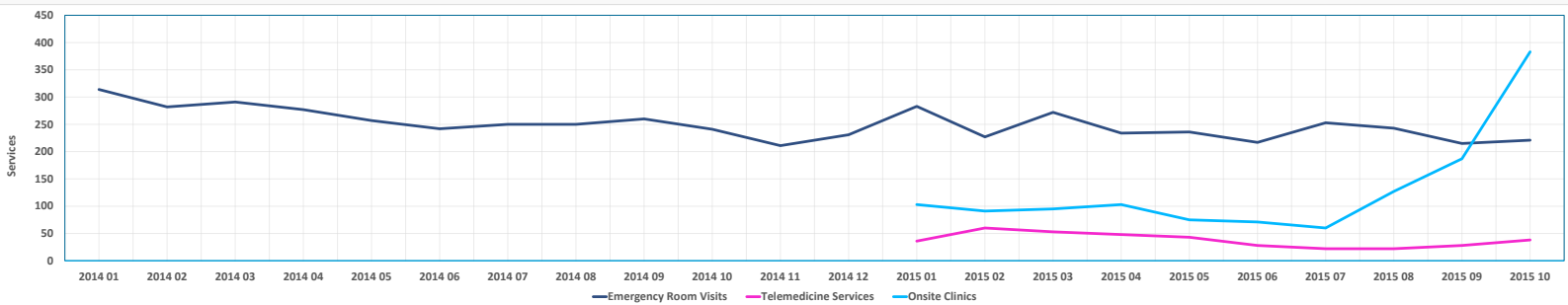
Condition	Episodes Per 1000	Current		Episodes Per 1000	Prior		Change
		Allowed	Per Episode		Allowed	Per Episode	Episodes Per 1000
Heart Disease	15.3	\$2,290,395	\$10,090	16.1	\$1,973,568	\$7,177	-5.0%
Diabetes	50.2	\$1,549,684	\$2,077	48.3	\$1,571,154	\$1,902	3.9%
Hypertension	138.6	\$1,353,198	\$657	140.8	\$1,525,460	\$633	-1.6%
Asthma	51.2	\$817,710	\$1,075	48.6	\$911,627	\$1,096	5.2%
Chronic Renal Failure	4.1	\$723,345	\$11,858	4.1	\$857,630	\$12,252	0.3%
Obesity	38.7	\$662,597	\$1,152	32.3	\$465,203	\$843	19.9%
COPD	10.8	\$400,335	\$2,487	11.9	\$508,313	\$2,504	-8.7%
Hyperlipidemia	81.1	\$356,195	\$295	82.1	\$477,056	\$340	-1.2%
Heart Failure	3.2	\$259,948	\$5,416	3.3	\$103,963	\$1,824	-3.1%
Cardiomyopathy	2.5	\$194,275	\$5,251	2.3	\$35,471	\$910	9.2%
Total	395.5	\$8,607,682	\$1,463.14	389.6	\$8,429,445	\$1,264.16	1.5%

Utilization Over Time

Key Preventive Care Services - Percent Change in Utilization

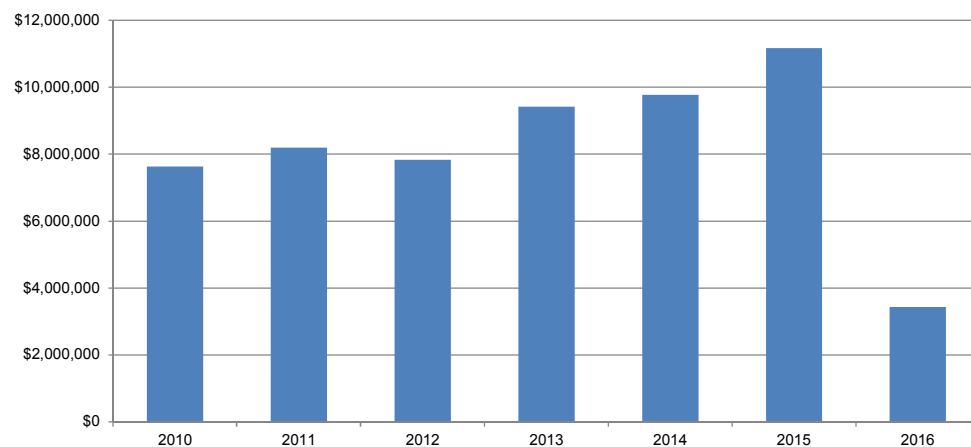
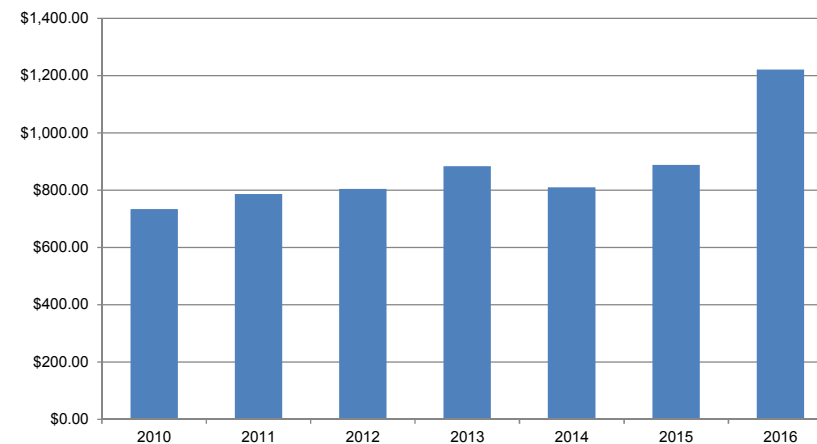


Emergency Room & Telemedicine Utilization



Carrier: Aetna, Catamaran
Specific Deductible: \$500,000
Capitave Level: \$75,000 - \$500,000
Contract Type: Paid - Medical & Rx
Plan Year: 1/1/2016 - 12/31/2016

	2010	2011	2012	2013	2014	2015	2016
January	\$224,194	\$637,726	\$564,804	\$779,068	\$644,219	\$945,079	\$1,141,093
February	\$439,293	\$579,482	\$535,545	\$656,589	\$669,176	\$957,548	\$1,151,070
March	\$775,169	\$830,631	\$690,509	\$702,251	\$957,938	\$908,062	\$1,137,631
April	\$697,010	\$815,518	\$561,523	\$822,708	\$907,592	\$878,769	
May	\$540,749	\$715,780	\$838,976	\$920,542	\$760,154	\$980,370	
June	\$564,354	\$724,667	\$685,888	\$678,732	\$813,813	\$880,630	
July	\$694,086	\$574,526	\$570,362	\$841,443	\$709,164	\$1,005,596	
August	\$725,216	\$703,383	\$599,946	\$738,525	\$891,094	\$1,002,607	
September	\$667,880	\$713,961	\$615,233	\$870,791	\$567,168	\$862,409	
October	\$528,112	\$746,442	\$804,227	\$775,935	\$760,977	\$899,362	
November	\$730,297	\$566,140	\$601,367	\$858,235	\$1,002,970	\$853,551	
December	\$1,043,099	\$582,426	\$763,531	\$775,032	\$1,084,346	\$994,639	
Total Plan Cost	\$7,629,459	\$8,190,681	\$7,831,911	\$9,419,851	\$9,768,611	\$11,168,622	\$3,429,793
Average Employees	866	868	811	888	1,005	1,047	936
Plan Cost PEPM	\$734.24	\$786.36	\$805.17	\$884.49	\$809.73	\$888.66	\$1,221.00
Change from Prior Year		7.1%	2.4%	9.9%	-8.5%	9.7%	37.4%

Total Plan Cost

Total Plan Cost PEPM


Carrier: Aetna, Catamaran
Specific Deductible: \$500,000
Captive Level: \$75,000 - \$500,000
Contract Type: Paid - Medical & Rx
Plan Year: 1/1/2016 - 12/31/2016

Paid Month	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	YTD	Rolling-12
Enrollment														
Average Subscribers	974	945	890	0	0	0	0	0	0	0	0	0	936	1,015
Average Members	2,176	2,140	2,039	0	0	0	0	0	0	0	0	0	2,118	2,205
Contract Size	2.23	2.26	2.29	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.26	2.17
Claim Payments														
Medical Claims	\$780,500	\$831,667	\$859,035	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,471,203	\$8,205,518
Pharmacy Claims	\$138,680	\$129,440	\$150,050	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$418,171	\$1,760,089
Captive Covered Claims	(\$6,376)	(\$33,256)	(\$83,110)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$122,742)	(\$969,840)
Claims Over Specific	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Net Claim Payments	\$912,805	\$927,852	\$925,975	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,766,631	\$8,995,766
Net Claim Payments PEPM	\$937.17	\$981.85	\$1,040.42	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$984.92	\$738.75
Fixed Costs														
Administration Fees	\$50,180	\$48,686	\$45,853	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$144,720	\$614,525
Stop Loss Premiums	\$19,950	\$19,532	\$18,541	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$58,023	\$263,600
BAPC Premiums ¹	\$150,179	\$147,153	\$139,786	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$437,117	\$1,816,800
Transitional Reinsurance Fee	\$7,979	\$7,847	\$7,476	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$23,302	\$97,035
Total Fixed Costs	\$228,288	\$223,218	\$211,656	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$663,161	\$2,791,960
Fixed Costs PEPM	\$234.38	\$236.21	\$237.82	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$236.08	\$229.28
Total Plan Cost	\$1,141,093	\$1,151,070	\$1,137,631	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,429,793	\$11,787,726
Total Plan Cost PEPM	\$1,171.55	\$1,218.06	\$1,278.24	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,221.00	\$968.03
Employee Contributions	\$235,339	\$231,549	\$220,334	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$687,223	\$2,890,008
Employee Contributions PEPM	\$241.62	\$245.03	\$247.57	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$244.65	\$237.33
Employer Cost	\$905,753	\$919,520	\$917,296	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,742,570	\$8,897,718
Employer Cost PEPM	\$929.93	\$973.04	\$1,030.67	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$976.35	\$730.70
Budget Comparison														
Budgeted Cost	\$918,772	\$900,073	\$853,224	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,672,069	\$11,330,994
Actual Cost	<u>\$1,141,093</u>	<u>\$1,151,070</u>	<u>\$1,137,631</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$3,429,793</u>	<u>\$11,787,726</u>
Surplus/(Deficit)	(\$222,321)	(\$250,997)	(\$284,406)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$757,723)	(\$456,732)
Surplus/(Deficit) PEPM	(\$228.26)	(\$265.61)	(\$319.56)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$269.75)	(\$37.51)
Paid Claims Summary														
Net Medical PEPM	\$801.34	\$880.07	\$965.21	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$879.74	\$673.85
Net Medical PMPM	\$358.69	\$388.63	\$421.30	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$388.86	\$310.06
Pharmacy PEPM	\$142.38	\$136.97	\$168.60	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$148.87	\$144.54
Pharmacy PMPM	\$63.73	\$60.49	\$73.59	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$65.80	\$66.51

(1) BAPC Premiums are equal to \$81.88 premium for employee only, \$212.06 for employee plus dependents.

Carrier: Aetna, Catamaran
Specific Deductible: \$500,000
Captive Level: \$75,000 - \$500,000
Contract Type: Paid - Medical & Rx
Plan Year: 1/1/2016 - 12/31/2016

Paid Month	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	YTD	Rolling-12
Enrollment														
Average Subscribers	785	762	705	0	0	0	0	0	0	0	0	0	751	836
Average Members	1,703	1,674	1,570	0	0	0	0	0	0	0	0	0	1,649	1,762
Contract Size	2.17	2.20	2.23	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.20	2.11
Claim Payments														
Medical Claims	\$616,183	\$767,588	\$688,712	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,072,482	\$6,844,342
Pharmacy Claims	\$108,332	\$96,289	\$112,712	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$317,333	\$1,355,262
Captive Covered Claims	(\$6,376)	(\$33,256)	(\$78,467)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$118,098)	(\$930,823)
Claims Over Specific	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Net Claim Payments	\$718,139	\$830,621	\$722,957	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,271,717	\$7,268,781
Net Claim Payments PEPM	\$914.83	\$1,090.05	\$1,025.47	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,008.76	\$724.34
Fixed Costs														
Administration Fees	\$40,443	\$39,258	\$36,322	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$116,023	\$506,340
Stop Loss Premiums	\$15,762	\$15,414	\$14,399	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$45,575	\$213,287
BAPC Premiums ¹	\$118,431	\$115,897	\$108,365	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$342,693	\$1,464,183
Transitional Reinsurance Fee	\$6,244	\$6,138	\$5,757	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$18,139	\$77,535
Total Fixed Costs	\$180,880	\$176,707	\$164,843	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$522,430	\$2,261,345
Fixed Costs PEPM	\$230.42	\$231.90	\$233.82	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$231.98	\$225.35
Total Plan Cost	\$899,019	\$1,007,328	\$887,800	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,794,147	\$9,530,127
Total Plan Cost PEPM	\$1,145.25	\$1,321.95	\$1,259.29	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,240.74	\$949.69
Employee Contributions	\$185,986	\$182,745	\$171,336	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$540,068	\$2,327,640
Employee Contributions PEPM	\$236.93	\$239.82	\$243.03	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$239.82	\$231.95
Employer Cost	\$713,033	\$824,583	\$716,464	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,254,079	\$7,202,486
Employer Cost PEPM	\$908.32	\$1,082.13	\$1,016.26	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,000.92	\$717.74
Budget Comparison														
Budgeted Cost	\$727,512	\$712,190	\$664,194	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,103,896	\$9,153,814
Actual Cost	<u>\$899,019</u>	<u>\$1,007,328</u>	<u>\$887,800</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$2,794,147</u>	<u>\$9,530,127</u>
Surplus/(Deficit)	(\$171,507)	(\$295,138)	(\$223,606)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$690,251)	(\$376,313)
Surplus/(Deficit) PEPM	(\$218.48)	(\$387.32)	(\$317.17)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$306.51)	(\$37.50)
Paid Claims Summary														
Net Medical PEPM	\$784.95	\$1,007.33	\$976.90	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$920.29	\$682.05
Net Medical PMPM	\$361.82	\$458.54	\$438.67	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$418.94	\$323.67
Pharmacy PEPM	\$138.00	\$126.36	\$159.88	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$140.91	\$135.05
Pharmacy PMPM	\$63.61	\$57.52	\$71.79	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$64.15	\$64.09

(1) BAPC Premiums are equal to \$81.88 premium for employee only, \$212.06 for employee plus dependents.

Carrier: Aetna, Catamaran
Specific Deductible: \$500,000
Captive Level: \$75,000 - \$500,000
Contract Type: Paid - Medical & Rx
Plan Year: 1/1/2016 - 12/31/2016

Paid Month	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	YTD	Rolling-12
Enrollment														
Average Subscribers	472	465	435	0	0	0	0	0	0	0	0	0	457	510
Average Members	1,076	1,070	1,008	0	0	0	0	0	0	0	0	0	1,051	1,131
Contract Size	2.28	2.30	2.32	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.30	2.21
Claim Payments														
Medical Claims	\$494,554	\$436,190	\$547,394	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,478,138	\$4,386,645
Pharmacy Claims	\$70,501	\$68,676	\$85,910	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$225,088	\$869,397
Captive Covered Claims	(\$6,376)	(\$6,970)	(\$78,377)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$91,723)	(\$775,315)
Claims Over Specific	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Net Claim Payments	\$558,679	\$497,896	\$554,928	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,611,503	\$4,480,727
Net Claim Payments PEPM	\$1,183.64	\$1,070.74	\$1,275.70	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,174.56	\$731.55
Fixed Costs														
Administration Fees	\$24,317	\$23,957	\$22,411	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$70,685	\$309,048
Stop Loss Premiums	\$9,934	\$9,837	\$9,233	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$29,003	\$135,076
BAPC Premiums ¹	\$74,968	\$74,264	\$69,725	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$218,957	\$933,171
Transitional Reinsurance Fee	\$3,945	\$3,923	\$3,696	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$11,565	\$49,742
Total Fixed Costs	\$113,165	\$111,981	\$105,065	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$330,210	\$1,427,038
Fixed Costs PEPM	\$239.76	\$240.82	\$241.53	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$240.68	\$232.99
Total Plan Cost	\$671,843	\$609,877	\$659,993	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,941,713	\$5,907,765
Total Plan Cost PEPM	\$1,423.40	\$1,311.56	\$1,517.22	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,415.24	\$964.53
Employee Contributions	\$111,753	\$111,139	\$104,475	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$327,368	\$1,406,207
Employee Contributions PEPM	\$236.76	\$239.01	\$240.17	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$238.61	\$229.58
Employer Cost	\$560,090	\$498,738	\$555,517	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,614,346	\$4,501,559
Employer Cost PEPM	\$1,186.63	\$1,072.55	\$1,277.05	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,176.64	\$734.95
Budget Comparison														
Budgeted Cost	\$445,946	\$442,168	\$414,571	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,302,685	\$5,677,056
Actual Cost	<u>\$671,843</u>	<u>\$609,877</u>	<u>\$659,993</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,941,713</u>	<u>\$5,907,765</u>
Surplus/(Deficit)	(\$225,898)	(\$167,709)	(\$245,422)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$639,029)	(\$230,709)
Surplus/(Deficit) PEPM	(\$478.60)	(\$360.66)	(\$564.19)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$465.76)	(\$37.67)
Paid Claims Summary														
Net Medical PEPM	\$1,047.78	\$938.04	\$1,258.38	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,077.36	\$716.19
Net Medical PMPM	\$459.62	\$407.65	\$543.05	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$468.66	\$323.36
Pharmacy PEPM	\$149.37	\$147.69	\$197.50	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$164.06	\$141.94
Pharmacy PMPM	\$65.52	\$64.18	\$85.23	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$71.37	\$64.09

(1) BAPC Premiums are equal to \$81.88 premium for employee only, \$212.06 for employee plus dependents.

Carrier: Aetna, Catamaran
Specific Deductible: \$500,000
Captive Level: \$75,000 - \$500,000
Contract Type: Paid - Medical & Rx
Plan Year: 1/1/2016 - 12/31/2016

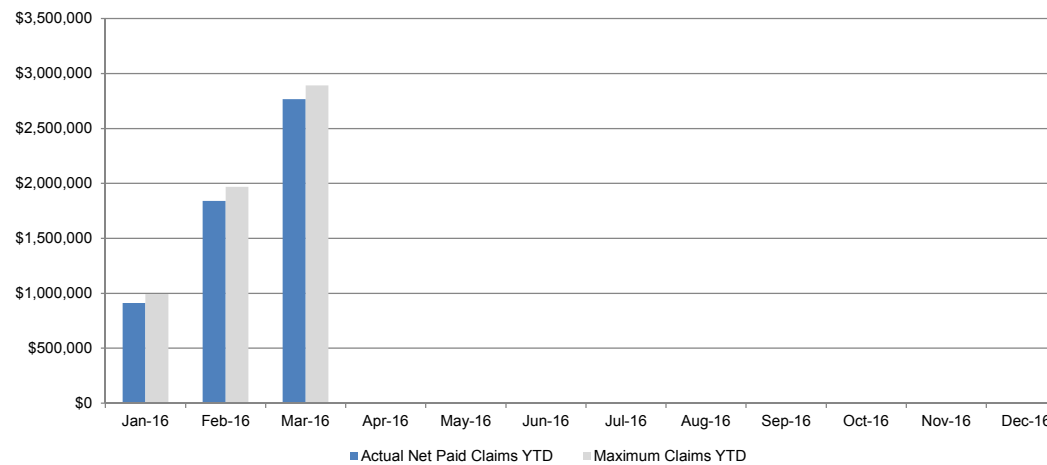
Paid Month	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	YTD	Rolling-12
Enrollment														
Average Subscribers	33	32	33	0	0	0	0	0	0	0	0	0	33	32
Average Members	80	79	80	0	0	0	0	0	0	0	0	0	80	78
Contract Size	2.42	2.47	2.42	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.44	2.41
Claim Payments														
Medical Claims	\$12,310	\$16,212	\$18,360	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$46,882	\$248,721
Pharmacy Claims	\$4,343	\$4,507	\$3,822	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$12,672	\$43,193
Captive Covered Claims	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$34,374)
Claims Over Specific	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Net Claim Payments	\$16,653	\$20,719	\$22,182	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$59,554	\$257,540
Net Claim Payments PEPM	\$504.65	\$647.46	\$672.19	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$607.70	\$663.76
Fixed Costs														
Administration Fees	\$1,700	\$1,649	\$1,700	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,049	\$19,592
Stop Loss Premiums	\$750	\$738	\$750	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,238	\$9,173
BAPC Premiums ¹	\$5,696	\$5,614	\$5,696	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$17,007	\$64,304
Transitional Reinsurance Fee	\$293	\$290	\$293	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$876	\$3,428
Total Fixed Costs	\$8,440	\$8,291	\$8,440	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$25,170	\$96,498
Fixed Costs PEPM	\$255.74	\$259.09	\$255.74	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$256.84	\$248.71
Total Plan Cost	\$25,093	\$29,009	\$30,622	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$84,724	\$354,038
Total Plan Cost PEPM	\$760.39	\$906.54	\$927.93	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$864.53	\$912.47
Employee Contributions	\$10,466	\$10,361	\$10,466	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$31,294	\$120,727
Employee Contributions PEPM	\$317.16	\$323.78	\$317.16	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$319.33	\$311.15
Employer Cost	\$14,627	\$18,648	\$20,155	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$53,430	\$233,311
Employer Cost PEPM	\$443.23	\$582.76	\$610.77	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$545.21	\$601.32
Budget Comparison														
Budgeted Cost	\$36,356	\$35,765	\$36,356	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$108,477	\$421,813
Actual Cost	<u>\$25,093</u>	<u>\$29,009</u>	<u>\$30,622</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$84,724</u>	<u>\$354,038</u>
Surplus/(Deficit)	\$11,263	\$6,756	\$5,734	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$23,753	\$67,775
Surplus/(Deficit) PEPM	\$341.30	\$211.13	\$173.77	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$242.38	\$174.68
Paid Claims Summary														
Net Medical PEPM	\$373.03	\$506.62	\$556.37	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$478.39	\$641.03
Net Medical PMPM	\$153.88	\$205.21	\$229.50	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$196.16	\$266.01
Pharmacy PEPM	\$131.62	\$140.83	\$115.82	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$129.31	\$111.32
Pharmacy PMPM	\$54.29	\$57.05	\$47.78	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$53.02	\$46.20

(1) BAPC Premiums are equal to \$81.88 premium for employee only, \$212.06 for employee plus dependents.

Stop Loss Carrier: Symetra
Aggregate Corridor: 100%
Contract Type: Paid - Medical & Rx
Plan Year: 1/1/2016 - 12/31/2016

Paid Month	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Total	PEPM
Subscribers	974	945	890	0	0	0	0	0	0	0	0	0	936	
Aggregate Stop Loss														
Actual Net Paid Claims	\$912,805	\$927,852	\$925,975	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,766,631	\$984.92
Maximum Claims	\$994,358	\$973,842	\$924,689	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,892,888	\$1,029.86
Maximum vs. Actual	91.8%	95.3%	100.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	95.6%	

Maximum vs. Aggregate Claims (YTD)



Note: Aggregate stop loss contract includes ABC Hospitality and should factor in ABC claims and enrollment when calculating expected reimbursement.

Stop Loss Carrier: Symetra
Specific Deductible: \$500,000
Captive Level: \$75,000 - \$500,000
Contract Type: Paid - Medical & Rx
Plan Year: 1/1/2016 - 12/31/2016

Claimant	Company	Plan	Relationship	ICD9 Diagnosis Description	Total Medical Paid	Total Rx Paid	Total Paid	Amount Over \$75,000	Amount Over \$500,000
GY76SA21	ZCC	EPO	Employee	Hemiplegia And Hemiparesis Following Cerebral Infarction Affecting Right Dominant Side	\$121,913	\$1,071	\$122,984	\$47,984	\$0
DC01GB95	ZCC	PPO	Child	Congenital Deformity Of Spine	\$101,375	\$0	\$101,375	\$26,375	\$0
AH41US76	ZCC	EPO	Spouse	Other Spondylosis, Lumbar Region	\$99,763	\$403	\$100,166	\$25,166	\$0
AX25PB42	ZCC	EPO	Spouse	Atherosclerotic Heart Disease Of Native Coronary Artery	\$84,414	\$1,732	\$86,146	\$11,146	\$0
YN75TY32	CA	EPO	Employee	Cardiac Tamponade	\$79,348	\$296	\$79,644	\$4,644	\$0
BB56IX29	ZCC	EPO	Spouse	Intraductal Carcinoma In Situ Of Unspecified Breast	\$79,171	\$0	\$79,171	\$4,171	\$0
HR07DP04	ZCC	EPO	Employee	Acquired Absence Of Bilateral Breasts And Nipples	\$78,239	\$17	\$78,256	\$3,256	\$0
AM12UT07	CA	EPO	Spouse	Cervical Disc Disorder With Radiculopathy, Mid-Cervical Region	\$65,438	\$225	\$65,663	\$0	\$0
FH78ER42	ZCC	EPO	Spouse	Encounter For Removal Of Internal Fixation Device	\$59,074	\$1,180	\$60,254	\$0	\$0
					\$768,735	\$4,924	\$773,659	\$122,742	\$0

Stop Loss Carrier: Symetra
Specific Deductible: \$500,000
Captive Level: \$75,000 - \$500,000
Contract Type: Paid - Medical & Rx
Plan Year: 1/1/2016 - 12/31/2016

Unique ID	Company	Plan	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Total	Amount Over \$75,000	Amount Over \$500,000
GY76SA21	ZCC	EPO	\$0	\$0	\$122,984	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$122,984	\$47,984	\$0
DC01GB95	ZCC	PPO	\$0	\$101,285	\$90	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$101,375	\$26,375	\$0
AH41US76	ZCC	EPO	\$0	\$0	\$100,166	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$100,166	\$25,166	\$0
AX25PB42	ZCC	EPO	\$81,376	\$1,172	\$3,598	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$86,146	\$11,146	\$0
YN75TY32	CA	EPO	\$50,887	\$2,704	\$26,053	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$79,644	\$4,644	\$0
BB56IX29	ZCC	EPO	\$0	\$80,798	(\$1,627)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$79,171	\$4,171	\$0
HR07DP04	ZCC	EPO	\$0	\$0	\$78,256	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$78,256	\$3,256	\$0
AM12UT07	CA	EPO	\$0	\$0	\$65,663	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$65,663	\$0	\$0
FH78ER42	ZCC	EPO	\$0	\$59,729	\$525	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$60,254	\$0	\$0
Total			\$132,263	\$245,688	\$395,708	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$773,659	\$122,742	\$0
Claimants above \$50,000			2	5	9	0	0	0	0	0	0	0	0	9	9		

Note: Large claimant tracking begins once a claimant has reached the \$50,000 threshold.

Recommended Reserve

Month	Total	Change in IBNR
Jan-12	\$1,016,069	-\$11,232
Feb-12	\$935,921	-\$80,148
Mar-12	\$1,123,333	\$187,412
Apr-12	\$1,082,996	-\$40,337
May-12	\$896,657	-\$186,339
Jun-12	\$780,596	-\$116,061
Jul-12	\$717,993	-\$62,603
Aug-12	\$780,596	\$62,603
Sep-12	\$688,222	-\$92,374
Oct-12	\$820,630	\$132,408
Nov-12	\$786,400	-\$34,230
Dec-12	\$786,974	\$574
Jan-13	\$853,028	\$66,054
Feb-13	\$810,621	-\$42,407
Mar-13	\$805,980	-\$4,641
Apr-13	\$763,561	-\$42,419
May-13	\$729,382	-\$34,179
Jun-13	\$872,532	\$143,150
Jul-13	\$760,707	-\$111,825
Aug-13	\$766,427	\$5,720
Sep-13	\$808,261	\$41,834
Oct-13	\$850,464	\$42,203
Nov-13	\$644,763	-\$205,701
Dec-13	\$810,216	\$165,453
Jan-14	\$877,874	\$67,658
Feb-14	\$915,049	\$37,175
Mar-14	\$886,924	-\$28,125
Apr-14	\$848,679	-\$38,245
May-14	\$908,120	\$59,441
Jun-14	\$918,955	\$10,835
Jul-14	\$922,461	\$3,506
Aug-14	\$844,904	-\$77,557
Sep-14	\$817,853	-\$27,051
Oct-14	\$791,666	-\$26,187
Nov-14	\$820,418	\$28,752
Dec-14	\$816,701	-\$3,717
Jan-15	\$765,753	-\$50,948
Feb-15	\$811,527	\$45,774
Mar-15	\$851,621	\$40,094
Apr-15	\$730,331	-\$121,290
May-15	\$841,310	\$110,980
Jun-15	\$991,644	\$150,334
Jul-15	\$901,750	-\$89,894
Aug-15	\$861,459	-\$40,291
Sep-15	\$987,419	\$125,960
Oct-15	\$1,015,966	\$28,547
Nov-15	\$1,111,671	\$95,705
Dec-15	\$1,104,107	-\$7,564
Jan-16	\$1,212,531	\$108,424

Hindsight Required Reserve

Total	Variance
\$813,179	-\$202,890
\$773,401	-\$162,520
\$910,992	-\$212,341
\$872,871	-\$210,125
\$764,095	-\$132,562
\$814,085	\$33,489
\$965,545	\$247,552
\$837,256	\$56,660
\$647,494	-\$40,728
\$589,516	-\$231,114
\$700,299	-\$86,101
\$690,224	-\$96,750
\$892,912	\$39,884
\$795,665	-\$14,956
\$986,322	\$180,342
\$949,390	\$185,829
\$795,673	\$66,291
\$873,494	\$962
\$817,679	\$56,972
\$736,856	-\$29,570
\$676,675	-\$131,586
\$845,694	-\$4,770
\$812,261	\$167,497
\$841,992	\$31,776
\$829,790	-\$48,084
\$753,943	-\$161,106
\$868,329	-\$18,595
\$708,733	-\$139,946
\$745,420	-\$162,700
\$584,880	-\$334,075
\$675,976	-\$246,485
\$644,281	-\$200,623
\$667,823	-\$150,030
\$646,693	-\$144,973
\$769,220	-\$51,198
\$775,562	-\$41,139
\$1,175,634	\$409,881
\$1,296,431	\$484,904
\$1,122,176	\$270,555
\$988,883	\$258,553
\$1,013,487	\$172,177
\$1,209,030	\$217,386
\$1,062,391	\$160,641
\$1,085,586	\$224,127
\$954,426	-\$32,993
\$1,034,809	\$18,842
\$1,610,640	\$498,969
\$1,205,166	\$101,059
\$0	-\$1,212,531

†This analysis is for illustrative purposes only, and is not a guarantee of future expenses, claims costs, managed care savings, etc. There are many variables that can affect future health care costs including utilization patterns, catastrophic claims, changes in plan design, health care trend increases, etc. This analysis does not amend, extend, or alter the coverage provided by the actual insurance policies and contracts. Please see your policy or contact us for specific information or further details in this regard.

Incurred Month	Exposure Units (Medical)	Paid Claims by Incurred Month	Estimated Completion Factor	Incurred Claims	Estimated Outstanding Claim Reserve	Estimated Outstanding Claim Reserve	Paid Claims ⁽¹⁾	Incurred Claims Per Unit	Rolling Twelve Months Incurred Claims Per Unit	Rolling Six Months Incurred Claims Per Unit	Rolling Three Months Incurred Claims Per Unit
	(LIVES)				Excluding Margin	Including 10% Margin		PEPM	PEPM	PEPM	PEPM
Jan-12	1,641	\$923,455	1.0000	\$923,455	\$0	\$0	\$1,014,906	\$562.74	\$553.70	\$532.50	\$540.49
Feb-12	1,614	\$739,777	1.0000	\$739,777	\$0	\$0	\$780,140	\$458.35	\$534.80	\$532.01	\$520.82
Mar-12	1,605	\$943,699	1.0000	\$943,699	\$0	\$0	\$806,775	\$587.97	\$546.39	\$527.82	\$536.41
Apr-12	1,594	\$925,103	1.0000	\$925,103	\$0	\$0	\$960,787	\$580.37	\$541.96	\$541.23	\$541.99
May-12	1,273	\$702,486	1.0000	\$702,486	\$0	\$0	\$811,560	\$551.83	\$548.18	\$546.67	\$574.97
Jun-12	1,279	\$726,855	1.0000	\$726,855	\$0	\$0	\$680,311	\$568.30	\$546.07	\$550.90	\$567.88
Jul-12	1,283	\$844,071	1.0000	\$844,071	\$0	\$0	\$690,412	\$657.89	\$547.50	\$564.52	\$592.81
Aug-12	1,278	\$705,674	1.0000	\$705,674	\$0	\$0	\$836,695	\$552.17	\$555.53	\$583.24	\$592.86
Sep-12	1,272	\$697,515	1.0000	\$697,515	\$0	\$0	\$888,686	\$548.36	\$549.81	\$576.73	\$586.29
Oct-12	1,274	\$681,713	1.0000	\$681,713	\$0	\$0	\$741,543	\$535.10	\$553.48	\$569.04	\$545.22
Nov-12	1,274	\$773,821	1.0000	\$773,821	\$0	\$0	\$660,941	\$607.39	\$560.89	\$578.28	\$563.63
Dec-12	1,276	\$749,391	1.0000	\$749,391	\$0	\$0	\$759,415	\$587.30	\$564.94	\$581.45	\$576.60
Jan-13	1,275	\$893,397	1.0000	\$893,397	\$0	\$0	\$689,913	\$700.70	\$575.78	\$588.51	\$631.79
Feb-13	1,268	\$759,608	1.0000	\$759,608	\$0	\$0	\$857,262	\$599.06	\$589.51	\$596.34	\$629.06
Mar-13	1,268	\$1,079,123	1.0000	\$1,079,123	\$0	\$0	\$887,356	\$851.04	\$610.91	\$646.63	\$716.91
Apr-13	1,260	\$818,155	1.0000	\$818,155	\$0	\$0	\$854,710	\$649.33	\$617.27	\$665.73	\$699.92
May-13	1,291	\$792,184	1.0000	\$792,184	\$0	\$0	\$939,263	\$613.62	\$622.40	\$666.65	\$704.23
Jun-13	1,254	\$885,892	1.0000	\$885,892	\$0	\$0	\$808,419	\$706.45	\$633.83	\$686.50	\$656.04
Jul-13	1,288	\$681,243	1.0000	\$681,243	\$0	\$0	\$737,132	\$528.92	\$622.97	\$657.52	\$615.53
Aug-13	1,275	\$753,478	1.0000	\$753,478	\$0	\$0	\$830,845	\$590.96	\$626.22	\$656.11	\$607.97
Sep-13	1,214	\$685,620	1.0000	\$685,620	\$0	\$0	\$747,559	\$564.76	\$627.83	\$608.89	\$561.38
Oct-13	1,231	\$901,260	1.0000	\$901,260	\$0	\$0	\$730,831	\$732.14	\$644.07	\$622.23	\$629.13
Nov-13	1,213	\$969,169	1.0000	\$969,169	\$0	\$0	\$1,003,183	\$798.98	\$659.60	\$652.40	\$698.76
Dec-13	1,213	\$639,257	1.0000	\$639,257	\$0	\$0	\$608,911	\$527.00	\$655.04	\$622.82	\$686.27
Jan-14	1,305	\$870,966	1.0000	\$870,966	\$0	\$0	\$883,907	\$667.41	\$652.25	\$646.86	\$664.54
Feb-14	1,272	\$861,177	1.0000	\$861,181	\$4	\$4	\$942,867	\$677.03	\$658.81	\$661.58	\$625.70
Mar-14	1,263	\$1,017,543	1.0000	\$1,017,543	\$0	\$0	\$896,952	\$805.66	\$654.95	\$701.53	\$716.07
Apr-14	1,243	\$803,235	1.0000	\$803,235	\$0	\$0	\$962,120	\$646.21	\$654.70	\$687.36	\$709.89
May-14	1,259	\$793,464	0.9983	\$794,826	\$1,362	\$1,498	\$757,910	\$631.32	\$656.27	\$660.09	\$694.72
Jun-14	1,247	\$722,279	0.9984	\$723,441	\$1,162	\$1,278	\$885,284	\$580.15	\$645.76	\$668.23	\$619.23
Jul-14	1,235	\$789,589	0.9992	\$790,257	\$668	\$735	\$700,399	\$639.88	\$655.33	\$663.72	\$617.09
Aug-14	1,235	\$816,287	1.0000	\$816,287	\$0	\$0	\$848,288	\$660.96	\$661.29	\$661.00	\$626.85
Sep-14	1,227	\$753,633	1.0000	\$753,633	\$0	\$0	\$727,961	\$614.21	\$665.27	\$628.75	\$638.40
Oct-14	1,225	\$776,201	1.0000	\$776,201	\$0	\$0	\$797,787	\$633.63	\$657.16	\$626.64	\$636.32
Nov-14	1,222	\$768,282	1.0000	\$768,282	\$0	\$0	\$646,209	\$628.71	\$643.32	\$626.18	\$625.51
Dec-14	1,217	\$818,502	1.0000	\$818,502	\$0	\$0	\$814,432	\$672.56	\$655.14	\$641.65	\$644.92
Jan-15	1,223	\$1,249,418	1.0000	\$1,249,418	\$0	\$0	\$849,753	\$1,021.60	\$684.21	\$705.17	\$774.50
Feb-15	1,247	\$873,805	1.0000	\$873,805	\$0	\$0	\$748,440	\$700.73	\$686.21	\$711.84	\$797.86
Mar-15	1,245	\$1,061,440	0.9994	\$1,062,089	\$649	\$713	\$1,241,334	\$853.08	\$690.05	\$751.90	\$857.42
Apr-15	1,280	\$963,443	0.9981	\$965,237	\$1,794	\$1,974	\$1,099,602	\$754.09	\$699.23	\$771.77	\$769.12
May-15	1,273	\$937,394	0.9967	\$940,528	\$3,134	\$3,447	\$915,738	\$738.83	\$708.37	\$789.52	\$781.43
Jun-15	1,292	\$1,086,902	0.9925	\$1,095,126	\$8,224	\$9,047	\$899,860	\$847.62	\$731.14	\$818.28	\$780.47
Jul-15	1,303	\$907,650	0.9889	\$917,821	\$10,171	\$11,189	\$1,064,178	\$704.39	\$736.34	\$766.31	\$763.57
Aug-15	1,302	\$1,010,250	0.9775	\$1,033,555	\$23,305	\$25,636	\$1,005,819	\$793.82	\$747.49	\$781.59	\$781.76
Sep-15	1,306	\$856,979	0.9629	\$890,039	\$33,060	\$36,366	\$1,021,882	\$681.50	\$752.60	\$753.26	\$726.52
Oct-15	1,309	\$1,174,329	0.9316	\$1,260,484	\$86,155	\$94,771	\$1,179,737	\$962.94	\$780.27	\$788.38	\$812.89
Nov-15	1,313	\$1,001,459	0.8130	\$1,231,819	\$230,359	\$253,395	\$656,961	\$938.17	\$805.91	\$821.58	\$861.09
Dec-15	1,310	\$297,152	0.2707	\$1,097,915	\$800,763	\$880,839	\$1,504,327	\$838.10	\$819.18	\$820.05	\$913.08
Jan '11 - Dec '11	19,687	\$10,759,844	1.0000	\$10,759,844	\$0	\$0	\$10,506,155	\$546.55			
Jan '12 - Dec '12	16,663	\$9,413,561	1.0000	\$9,413,561	\$0	\$0	\$9,632,171	\$564.94			
Jan '13 - Dec '13	15,050	\$9,858,385	1.0000	\$9,858,385	\$0	\$0	\$9,695,385	\$655.04			
Jan '14 - Dec '14	14,950	\$9,791,158	0.9997	\$9,794,354	\$3,196	\$3,515	\$9,864,116	\$655.14			
Jan '15 - Dec '15	15,403	\$11,420,221	0.9051	\$12,617,836	\$1,197,615	\$1,317,377	\$12,187,631	\$819.18			
Jan '11 - Dec '15	81,753	\$51,243,169	0.9771	\$52,443,980	\$1,200,811	\$1,320,892	\$51,885,458	\$641.49			

⁽¹⁾ Net of stop loss Reimbursements

Projection Method Summary

Incurred PEPM for 12 Mos Ending 11/30/2015	\$805.91
Midpoint of Experience Period	06/01/14
Midpoint of Trending Period	12/15/14
Months to Trend	6.50
Annual Trend Assumption	7.5%
Trend Adjustment	1.040
Trended Incurred Claims PEPM for 12/31/15	\$838.10

Summary of Reserve

Base Medical Claim Reserve as of 12/31/15	\$1,200,811
6 Month Average Paid Claims	\$1,014,536
Reserve Expressed as Months of Claims	1.18
Adjustment for Trend to 01/31/16 Estimated	1.006
Medical Claim Reserve @ 01/31/16	\$1,208,070
Pharmacy Reserve @ 01/31/16	\$4,461
Combined Medical and Prescription Drug Reserve	\$1,212,531
Combined Medical and Prescription Drug Reserve with Margin	\$1,333,784



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Case Studies



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Compensation Consulting



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May 25, 2017

City of Austin, Texas
Attn: Roger Stricklin
Contract Management Specialist IV
124 W. 8th Street, Room 308
Austin, TX 78701
Roger.Stricklin@austintexas.gov

RFP RWS0503: Proposal to Conduct Market Compensation & Pay Equity Studies

Ladies and Gentlemen:

In response to your request, Gallagher Benefit Services, Inc.'s Fox Lawson Group (FLG), specializing in public sector compensation studies (Fox Lawson), is pleased to submit our proposal to assist the City of Austin (City) in conducting compensation studies as required during the contract period.

Our proposed approach is designed to provide the City with work products that are tailored to your needs and takes advantage of the knowledge regarding job content that exists within the City. We have developed a complete and thorough work plan so that nothing is left out and important elements crucial to the success of the project are not overlooked.

We would like to introduce you to our firm and demonstrate how the City may benefit from our experience:

- We have specialized in classification and compensation studies for more than 30 years.
- We have extensive experience in the State of Texas through projects with a variety of cities, community colleges, and other government organizations, including conducting a large-scale compensation survey for a consortium of cities in the Houston area. The 2017 survey is currently underway. We have also worked with other large cities throughout the nation including Raleigh (NC) and Richmond (VA.) In addition, we have served, or currently serve most of the larger community college districts in Texas including Dallas, Houston, Alamo, Blinn, Brazosport, and Lone Star. In Austin, we serve Capital Metro Transit and have just completed a pay equity study for the City of Austin.
- Our project team has worked together on over five hundred similar consulting engagements.
- Our people are proven, experienced human resource consulting professionals. Each has attained the CCP (Certified Compensation Professional) designation from *WorldatWork*, the IPMA-SCP (Certified Professional) designation from the *International*



Public Management Association for Human Resources, and/or specialized degrees in Management/Industrial Relations.

- Our firm's team based style of management allows our senior level consultants to work directly with our clients.
- We listen to you to understand your current situation. We want to make sure that our approach is appropriate to your needs.

We believe we are well suited to assist you in conducting this sensitive and critical study. We pride ourselves on offering our clients a level of customer service and quality work product that exceeds our competitors.

We appreciate having the opportunity to submit this proposal and look forward to assisting the City of Austin conduct this study. Should you need additional information or have questions regarding our proposal, please contact either Lori Messer at (480) 845-6204; lori_messer@ajg.com or me at (602) 840-1070; bruce_lawson@ajg.com. I am an officer of the company and authorized to negotiate the terms and conditions of this proposal and commit the organization.

Sincerely,

Bruce Lawson, MPA, CCP, IPMA-SCP
Managing Director



QUALIFICATIONS AND EXPERIENCE

The Fox Lawson Group (FLG) within Gallagher Benefit Services Inc. Human Resources & Compensation Consulting Practice has been in business since 1981 beginning as the public sector compensation consulting practice of Ernst & Young. In January 1995, Ernst & Young elected to withdraw from the public sector marketplace and sold its public sector compensation consulting practice to Fox Lawson & Associates LLC. On October 1, 2009, Arthur J. Gallagher & Company purchased Fox Lawson & Associates. We are now part of Gallagher Benefit Services, Inc., operating with the same personnel.

Gallagher Benefit Services, Inc., FEIN [REDACTED] is a wholly owned subsidiary of Arthur J. Gallagher & Company, a publically traded company under the symbol AJG. Gallagher Benefit Services, Inc. was incorporated in 1999 in Delaware. Our

ST. PAUL, MN
1335 County Road D Circle East; St. Paul, MN 55109-5260 (651) 635-0976; jim_fox@ajg.com Managing Director: James Fox, Ph.D., CCP, IPMA-SCP
PHOENIX, AZ
Post Office Box 32985; Phoenix, AZ 85064-2985 (602) 840-1070; bruce_lawson@ajg.com Managing Director: Bruce Lawson, MPA, CCP, IPMA-SCP
AUSTIN, TEXAS
221 W. 6 th Street, Ste. 1980, Austin, TX 78701 (512) 499-8005; bruce_romine@ajg.com Area President: Bruce Romine

Arthur J. Gallagher, Inc. has numerous offices in Texas including Houston, Dallas, Addison, Sugar Land, San Antonio and Austin. Services will be provided from the Gallagher Consulting Fox Lawson practice offices in Phoenix and St. Paul.

AJG is a publicly traded corporation on the New York Stock Exchange under the symbol AJG. No single individual owns more than a 10% share of the stock in the corporation. A copy of the firm's Annual Reports, including its audited financial statements can be accessed on line at the following web-link: <http://investor.ajg.com/phoenix.zhtml?c=104111&p=irol-reportsannual>.

Since the Fox Lawson Group will conduct this project, the remaining description of qualifications will relate to Fox Lawson.

The two managing directors of the Fox Lawson practice, James Fox and Bruce Lawson, have worked together and were responsible for all engagements of Ernst & Young's Public Sector Compensation & Human Resources Consulting Practice for more than thirteen years prior to forming Fox Lawson. We provide the technical expertise and know-how commonly



associated with larger firms and the innovative customer service and flexibility typically experienced with smaller firms.

There are no third-party firms that will be involved with our firm for this engagement. Bruce Lawson will be the Managing Director responsible for the oversight of the project.

We are guided by the following principles:

- To build a practice that clients seek when they want to align their compensation, benefits, and human resources systems to their business strategy.
- To provide a level of customer satisfaction and technical competence that exceeds our competitors.
- To exercise the professional principles of integrity, quality, communication, and work ethic.

FLG supports these business elements by employing individuals who embrace these goals of our practice.

While we have a broad understanding of human resource systems, our practice primarily specializes in public sector classification and compensation studies. These studies typically include: developing new classification structures and job descriptions, evaluating jobs with a job evaluation methodology to determine internal equity, conducting a custom-tailored salary survey, developing a competitive pay system, recommending strategies to implement the new compensation structure, and ensuring appropriate administrative and procedural guidelines are in place to maintain the system. These studies ensure that our clients are in compliance with applicable laws and regulations, such as the Fair Labor Standards Act (FLSA), the Americans with Disabilities Act (ADA), and Equal Employment Opportunity (EEO) standards and have pay systems that are appropriate for their organization and market strategy.

Over the past 30 years, our practice has served more than 500 public sector, higher education and special district clients. We have included a sampling of references that demonstrates our experience in conducting engagements for public sector organizations. These projects are relevant in demonstrating our ability to meet the needs of the AACOG and show considerable experience in developing compensation programs for a variety of public sector organizations. Our references can attest to the timeliness, quality, and responsiveness of the services we provide, as well as our knowledge of legal issues, such as the ADA and FLSA, our understanding of job classifications, and our skill and ability in dealing with public organizations and sensitive personnel issues.

Below are a few key points and some of the services we would like to highlight about our firm.



CLIENT SERVICE

In a survey of clients that we had served in the prior five years, the independent firm Dun & Bradstreet found that the quality of services we delivered to our clients exceeded the services delivered by nearly 90 other consulting firms it competes with, many firms that are large, well-known, national firms. The factors rated included cost, timeliness, quality, responsiveness to problems, technical support, quantity delivered verses quantity requested, and the attitude of personnel.

JOB EVALUATION

We have been instrumental in developing and applying a variety of job evaluation methodologies to better meet our clients' needs in changing environments. Because no single method of job evaluation fits the needs of all clients, we offer a "family" of job evaluation methods, including the Decision Band Method®, Flex/Point™, a point factor plan, and JFACS™, an automated job evaluation system that uses a scored questionnaire. The State of New York Civil Service has used JFACS for the past 25 years. In addition to these job evaluation methods, our firm is experienced in fine-tuning various job evaluation methods by updating the language and/or the mathematical weighting schemes behind various job evaluation systems to ensure they are free of bias and are valid and reliable. We have developed a variety of new job evaluation methods, including factor comparison, ranking, point factor and market based systems for many public-sector organizations.

SALARY DATABASE

We conduct about 50-60 custom compensation and benefit surveys throughout the country each year. From these surveys, we have developed an extensive database of salary information for public sector systems. In addition, we have an Internet based salary survey database that includes more than 350 of the major public and private sector salary surveys. This allows us to match nearly any job in any type of organization in any part of the country with up to date labor market data.

INDUSTRY ASSOCIATIONS

We also have a strategic alliance with the International Public Management Association for Human Resources (IPMA – HR), the National Public Employers Labor Relations Association (NPELRA), and the Colleges and Universities Professional Association for Human Resources (CUPA - HR) and have conducted a series of training seminars/workshops on compensation, classification, job evaluation, and employee benefits management throughout the nation in conjunction with these organizations.

In addition, our firm assisted in the development and sponsorship of the **Compensation Benchmark Survey of 2007 and 2012**, the **Performance Management Survey of 2008** and the **Benefits Survey of 2011** that were conducted through IPMA-HR. We also conduct an annual benefits survey covering all industries of which IPMA-HR is a co-sponsor. The 2016 survey had the largest participation of any national benefits survey conducted by any firm.



INDUSTRY LEADERSHIP

The consultants of Fox Lawson have demonstrated leadership in the field of compensation. Each member of our practice has obtained their CCP, and/or their IPMA-SCP. They also teach courses through *WorldatWork*, including Job Analysis and Evaluation, Job Description Writing, Performance Management, and Variable Pay seminars at *WorldatWork* or through the International Public Management Association for Human Resources (IPMA-HR).

NUMEROUS PRESENTATIONS

We have been featured speakers at every IPMA-HR national conference for the past 30 years. We also have been featured speakers at NPELRA (a public-sector labor relations organization) national conference and have been presenters at local and national CUPA-HR conferences.

PUBLISHED ARTICLES

We write a quarterly compensation answer column called CompDoctor™ for the IPMA-HR *HR News*. We also have published articles in the *American City and County*, *Public Management*, *Corporate Report Ventures*, *Corporate Board Member*, and *Benefits Planner*. We encourage you to access many of these articles through our website at www.ajg.com/compensation. Articles have included discussions on alternative rewards, such as skill or competency based pay, best practices in salary administration, and the Sherman Antitrust Act, as well as several other progressive topics in the public sector.

CLIENT EXPECTATIONS

We take pride in fulfilling and exceeding our clients' expectations. To ensure that we are accomplishing this, we distribute client satisfaction feedback surveys on a regular basis. These surveys provide valuable feedback regarding our performance on projects and the level of satisfaction of our clients. Below are some of the comments we consistently receive from our clients.

Our clients' assessment of the Fox Lawson difference follows:



Customer Service & Follow-up- *"FL is very responsive to their clients' questions and immediate needs; if there is a question, it is answered quickly and in words we understand."*

Teaching, Feedback & Guidance - *"FL does an excellent job walking their clients through the project; they teach 'classification and compensation 101' and they move up to advanced courses when we are ready."*

Flexible - *"FL is willing to work around their clients' schedules, and ensure project deadlines are met."*

Professional- *FL is very professional, knowledgeable, and accommodating in handling their clients' questions and concerns."*

Analytic Ability & Data Quality- *"FL analyzes data in a manner that is easy to understand and provides data that is credible and valid."*



TECHNICAL APPROACH & UNDERSTANDING OF THE SCOPE OF WORK

METHODOLOGY USED IN BENCHMARKING AND DETERMINING SALARY RANGES

Our philosophy for this type of classification and compensation study is based on the concept that employees should be paid equitably according to the value of the job to the organization and the comparable market within the financial capabilities of the organization. The concept of market comparability should be based on total compensation (salary plus the cost of benefits) provided to the employee in relation to a comparable market for similarly situated jobs.

PHILOSOPHY

Our general approach is to start by defining a compensation philosophy and strategy for our clients. This statement helps to define how classifications will be defined (broadly or narrowly), the comparative market, and where in relation to that market the client wants to position itself (e.g., average, lower or higher) and how it wants to balance the cost of benefits with the cost of salary (e.g., some clients want to pay a salary that is slightly below the average of the market because the cost of benefits is higher than the market average).

Once this strategy is defined, it is then possible to establish a classification system that is tightly integrated with the compensation system so that employees are paid equitably in relation to other jobs in the organization and in relation to the market. Below are our philosophies and approaches to the major phases of the project:

CLASSIFICATION

Classification is the process of understanding, verifying, and describing the nature and level of work of each City job. Normally this data would be collected by asking employees and supervisors to describe their work, including the duties, responsibilities, knowledge, skills, physical requirements, and working conditions required for their job. If the current job descriptions are not up-to-date and possibly in need of considerable re-writing, we suggest that all employees complete a Position Description Questionnaire (PDQ). If the initial review shows that the job descriptions are in reasonably good shape, we can avoid the PDQ process and confirm the job duties through interviews. Gallagher typically conducts group interviews and select employee interviews to confirm our understanding of the jobs being studied. Group interviews have the benefit of involving many employees in the development of the classification structure as well as aiding in employee understanding and acceptance the results.



JOB EVALUATION

The purpose of job evaluation is to establish the internal worth of all job classes. The basic premise of job evaluation dictates that the more a job is valued internally, the more it should be compensated. Furthermore, it is a valuable tool for slotting classifications into appropriate salary grades when market data are not available for certain classifications, or for classifications that are not benchmarked. We have several evaluation methods that can be discussed and reviewed with the City to select the appropriate method. After discussion and with City concurrence, we would then apply the selected method to all job classifications. We will review the internal job evaluation hierarchy with the City and modify it as required. The City will be responsible for reviewing and approving the recommended job evaluations.

COMPENSATION

We follow professionally accepted compensation principles and practices as outlined by *WorldatWork*, SHRM, and the Department of Labor. Some of these guidelines are listed below. We have also authored many articles on various aspects of conducting salary surveys; please refer to our website www.ajg.com/compensation for these specific articles.

- We utilize the following guidelines for benchmark selection:
 - Representation of all job families and levels throughout the organization
 - Highly populated jobs
 - Jobs found in most organizations
 - Jobs with recruitment or retention problems
- We will review job descriptions and other job documentation to ensure we understand the duties and responsibilities, level that the job is functioning at, and the reporting relationships so that participating organizations can match their classifications to the benchmark jobs. We will draw on our 30 years of salary and benefits survey experience to determine if a comparable job can be found in the labor market. We will ask the City to clarify any questions we may have about a particular job.
- We follow guidelines for job matching (match only those jobs that match at least 70% of the duties, responsibilities and functions as outlined in the benchmark job summary). While some firms may claim to use a higher percentage, we believe anything over 70% may exclude job data that are good, valid matches. We do not ask participants to rate the quality of the match, as this introduces additional subjectivity to the process that cannot be controlled.



- We follow professionally accepted guidelines for defining labor markets and selecting organizations to survey. We factor in that different jobs will have different recruiting markets, by:

- Type of organization (e.g. public sector, private sector, etc.)
- Size of organization
- Geographic location

It is important to define an organization's labor market prior to the survey rather than after the data have been collected so that it does not appear that the labor market data are being manipulated to support a certain conclusion. This could cause significant issues from an employee perception standpoint as well as potentially violate Federal Trade Commission and the U.S. Department of Labor's Sherman Antitrust Act guidelines in regards to the analysis of salary data.

- Any published sources utilized must meet the following criteria:
 - Be conducted by a reputable salary survey firm
 - Survey data is not self-reported
 - Survey is conducted on a continual basis instead of a one-time event
 - Survey reports its data sources, the effective date of the data, and was tested to ensure accurate matches and data
- We will develop a data collection form that poses questions in a fashion that is easy for participants to answer, as well as being easy to quantify and analyze.
- We follow-up with participants to ensure data quality and validity of matches and data being reported. If there are any questions we seek job descriptions, organizational charts and other information.
- We perform several reviews of the data as well as statistical tests to identify any extreme data and to ensure the validity of the data. Items we check for and follow-up on are:
 - Job matches
 - Labor market is right for each benchmark (as it was defined in beginning of study)
 - The range of salaries reported for each benchmark
 - Extreme range spreads
 - The relationship of minimums and maximums (minimums not higher than maximums)
 - That actual salaries fall within the specified ranges (not less than minimum or significantly over maximum)
 - Relationship of progression in levels (e.g., a level II job should have a higher salary than a level I job)
- We utilize trend factors for aging data so that all data is consistent to a current point in time. The trend factors are derived from either the U.S. Department of Labor data or *WorldatWork* Surveys.



- We apply geographic differentials as appropriate and necessary to ensure that the data are reflective of the City's labor market and economic conditions. We use third party resources (ERI) to identify the appropriate geographic differences. These geographic differentials will be shown separately.
- We calculate various statistics for summarizing the data (means, medians, highs, lows, percentiles).
- We follow the Federal Trade Commission and the U.S. Department of Labor guidelines that 5 matches should exist per job in order to draw reliable conclusions. Therefore, we do not calculate statistics (means, medians, etc.) on jobs with fewer than 5 job matches.

We recommend doing the market study first, but the City should include PDQs and job evaluation (this was our recommendation in the 2017 pay equity study), because 1,100 job titles is significant for 10,000 employees. For a City the size of Austin, a more sustainable and manageable number would be somewhere between 200 and 400 job classes. The current structure represents a significant degree of probable duplication and overlap and makes conducting market compensation studies substantially more difficult given the need to have a minimum of five comparators with a 70% or better degree of match. Narrow job classification structures also make internal equity much more complicated since the objective of most narrow job classification systems is to emphasize minor differences in the type and level of work rather than focusing on the broader similarities.



PROJECT APPROACH

EQUITY STUDY

The City is interested in determining if the pay to its approximately 12,000 employees is affected by gender or race of the employee, as opposed to other performance, experience or expertise factors.

The City is interested in hiring a firm who has experience in conducting such analyses in the public sector and who understands the statistical procedures and can provide sound research, analysis and advice to the City regarding the potential effects of gender and/or race on pay.

Our process involves the following steps:

1. Understanding the City and current pay history and issues
2. Collecting employee demographic data (gender, race and ethnicity) and data on other factors that are typically related to pay levels, and other data such as, experience, tenure and performance.
3. Verify the completeness of the data
4. Develop statistical model(s) and conduct analysis
5. Perfect the model for significant variables
6. Identify outliers and request substantiation of characteristics of outliers
7. Re-run model based on inclusion/exclusion of outliers
8. Provide findings, conclusions and recommendations (pay equity strategies)

This process is simple and straightforward and leads to results that are verifiable and based on solid statistical procedures. We have used these procedures in all of our previous gender, race and ethnicity pay equity studies, and the results have been simple to interpret. They provide the basis for appropriate changes going forward.

The phases and tasks associated with conducting a gender, race and ethnicity analysis are described below.

Step 1: Discuss Study/Obtain Employee Pay Data

In this first step, we will have a conference call to review the project plan, timetable and schedule. We will outline what each party will need to do during the project. In addition, we will prepare a data request of employee data; including all relevant factors that may



influence pay (typical factors for faculty, in addition to gender, race and ethnicity include current pay, job classification, salary level/grade, education, years of experience, years at the City, discipline, performance, etc. These data will be used to conduct the analysis. We will provide you a format for the data to be transmitted electronically. It is our understanding that you will provide the following data to us:

- Department ID and name
- Position number: Each regular position has a unique 6-digit number
- Job begin date
- Position class code: This is unique to every classification. Due to some data errors, that may not be true on the file
- Title: Where there are discrepancies between job title and position class code and salary grade, use title as the correct data
- Hire date
- Salary grade: Mostly unique to every classification (except executives). Specifies the pay ranges, which are no longer unique
- Pay Rate
- Budgeted Weekly hours
- Employee ID number
- Gender
- Ethnicity
- Age (at last birthday)
- EEO Category code and description: Used for completing the EEO-4
- Employee class code and description: Designates their FLSA OT exemption and benefits status
- Work level code and description
- Pay Grade: There are 29 pay grades; most jobs use these pay grades (executives, public safety, and audit jobs are the exceptions)

Step 2: Conduct Basic Statistical Analysis

Once we have these data in hand, we will review it for consistency and identify any problems that need to be corrected (missing data, inaccurate coding, unknown data, insufficient numbers for a category, etc.). When the data are cleaned, we will prepare basic descriptive statistical analyses to determine if we have enough data to conduct further analyses at the level that we believe is necessary. For example, we prefer to have at least 10 employee cases in each category to perform analysis on that category or variable. We will discuss the next steps with you when these data are reviewed. Some employee files may need to be visually reviewed to correct the data problems that are identified. We ask that the City conduct this visual review to protect data privacy of the employees.



Step 3: Develop and Refine Statistical Model(s) and Conduct Pay Equity Analysis

At this step, we will develop the statistical model(s) that we will use. Specifically, we will have identified the population of employees on which we can conduct the analysis, we will have identified the factors that will be entered in the model, and we will have identified if the model will be a forward or backward stepwise multiple regression.

We will conduct two basic analyses. One will be of the overall effect of gender, race and ethnicity on pay accounting for all other factors. Then, within those factors where we have a sufficient number of cases for further analysis, we will conduct a within factor analysis to determine if gender, race and/or ethnicity remain an issue. This particular analysis is usually done on job grade; however, there may be other factors that significantly impact pay that are discovered during these initial analyses. We define statistical significance at $p < .05$, unless the City recommends a higher or lower level.

After the initial analyses, we will perfect the models to determine the best statistical models for the analysis. Based on the results, we will identify outliers and determine if a visual analysis of the personnel files is required to explain its status as an outlier.

At this point we will discuss the findings with the City to review results and determine further direction.

Step 4: Conduct Visual Inspection of Files

For those employees that are outliers, and for which the factors that we have used in the analysis do not explain the salary currently paid, or where there is insufficient data to conduct statistical analysis, visual inspections may be appropriate to determine if there is an effect of gender, race or ethnicity on pay. We will ask that the City conduct this inspection internally. We will outline the process and the form of the data reporting that will be required for this visual inspection. Once this visual inspection is conducted, we will summarize the findings.

It may be necessary to re-run the data with these outliers removed, but we won't be able to make that decision until the personnel files of the outliers have been reviewed.

Step 5: Prepare Report

We will prepare a final report that outlines the process of the study, the findings and our recommendations for any corrections that may be necessary.



We will present the report via teleconference. If requested, we would also be happy to present the report in person. The cost for an on-site meeting has been included as an optional item in the cost proposal.

MARKET STUDY

PROJECT APPROACH

Understanding of Needs

In our experience, these are types of issues addressed during the course of this type study:

- Review current compensation structure and propose modifications to the existing wage schedule and compensation system based on internal and external comparisons, include market comparable, with recommendations for:
 - Entry level pay rates
 - Employee advancement through the pay range
 - Recommendations for merit pay increases

We will address these issues in Phases I and II of the project plan. In Phase I we will review all the current compensation material (i.e. structure, policies, strategy) to understand the current compensation approach. This will also include an assessment of the current structure by analyzing the ranges, placement, etc. We will collect market data by using published survey data representing the applicable labor markets such as the City of Austin, the State of Texas, or other defined markets to assess the competitiveness of the current structure as a whole as well as the competitiveness of individual benchmark jobs. We anticipate collecting market data on 75-100 job titles. During this data collection, we will also collect pay practice information from published survey sources to assess the merit pay and employee progression through the salary range.

- Review City benefits in terms of how they add to the total compensation package.

During Phase I we will discuss the benefits offered by the City and how the value can be summarized. In our experience, it is difficult to definitively express the value in which benefits provide employees because employees value benefits differently. However, we can help provide a dollar value for benefits related to medical premiums, paid time off, and retirement.

- Review comparability and compression issues in areas where there are little or no differences in pay, coupled with large differences in responsibility, skill levels or



qualification. The goal is to prevent or eradicate inequalities which may occur between supervisors and subordinates; new and experienced personnel; or between pay range midpoints of successive job grades. Compression and comparability issues arise not as deliberate compensation strategy, but on account of other issues. Improving comparability and reducing compression is a critical goal.

In Phases II and III we will analyze current pay to determine the extent of compression and location of compression. We will explore implementation models to place employees in the appropriate place in the assigned grade based on experience and other data available. In Phase I, we will also discuss the potential causes of the compression with the City leadership and the extent to which City is able to address the compression through salary adjustments. It is important to understand that compression will continue to occur as the City's employment base changes, it is the extent of the compression that should be managed by the City through the policies and salary structure.

We have developed a systemic approach to the project to ensure the complete classification and compensation system will work together.

Based on our understanding of your needs, we have prepared a complete work plan that we believe addresses all of your stated issues. This work plan begins on the following page. Included in the project plan, we have integrated the specific concerns and services identified by the City to show how and where our proposed approach will analyze and develop a plan that is clear and understandable, and which can be maintained by the City for years.



<u>Study Phase & City</u> <u>Issues Addressed</u>	<u>Study Phase Activities</u>
I. Project Strategy & Compensation System Assessment <ul style="list-style-type: none">Understand local labor marketReview current compensation structure and propose modifications to the existing wage schedule and compensation system	<ul style="list-style-type: none">Organization & salary material collected.Identification of possible barriers to implementing and maintaining change.Assessment of the strengths and weaknesses of the City's current classification & compensation systems.Discussion of internal equity as a basis for developing a salary structure, and of various job evaluation methodologies for consideration, including the Decision Band Method®.Review and refinement of City compensation philosophy and strategies.Project timetable confirmed.Employee information sessions conducted on-site (if needed)
II. Job Evaluation (if necessary) <ul style="list-style-type: none">The City identified internal equity as a key attribute in the compensation system.	<ul style="list-style-type: none">Based on the discussions in Phase I and the assessment of the current salary structure attributes we will work with the City to determine the need for an updated internal equity alignment. If this is chosen, it would include:<ul style="list-style-type: none">Application of DBM® or alternative job evaluation tool in use or otherwise selected to jobs.Training for HR and management personnel in the use of the new job evaluation system.
III. Compensation <ul style="list-style-type: none">Review current compensation structure and propose modifications to the existing wage schedule and compensation system based on internal and external comparisons, include	<ul style="list-style-type: none">Identify published survey sources.Collect market data from published survey sources.Competitive analysis performed.Diagnostic review of current salary structures conducted to identify opportunities for



<p>market comparable, with recommendations for:</p> <ul style="list-style-type: none">- Entry level pay rates- Employee advancement through the pay range- Recommendations for merit pay increases <ul style="list-style-type: none">▪ Review City benefits in terms of how they add to the total compensation package.▪ Review comparability and compression issues in areas where there are little or no differences in pay, coupled with large differences in responsibility, skill levels or qualification.	<p>simplification, reduction in pay compression, pay equity.</p> <ul style="list-style-type: none">▪ Recommended pay structure or update of existing structures developed.▪ Transition options and next steps/costs outlined.▪ Advantages and disadvantages of new compensation programs.
IV. Final Report	<ul style="list-style-type: none">▪ Draft report developed and discussed with City Human Resources.▪ Quality assurance reviews conducted.▪ City review and feedback.▪ Final report and presentation.▪ Presentation of study findings and recommendations to the Board and employees.

Deliverables include:

- Weekly updates
- Agreed upon project schedule.
- Draft and final salary administration guidelines.
- Draft and final salary structure. Allocation of jobs to grades and cost/implementation analysis at the employee level.
- Final report presentation.



CUSTOMER SERVICE

Our organization prides itself on the high level of customer service and believes we have the staffing structure that provides for continuous and open conversation, as well as quick and timely responses. Below are the key areas asked to be addressed in the study:

- Communications must be open and maintained with employees and management, we provide one continuous project manager through the course of the project to ensure complete understanding;
- We have used an anonymous email address that can be used by employees for questions, comments, complaints or suggestions;
- Work will be carefully planned and efficiently performed to meet your objectives and ensure all areas are addressed;
- Our consulting team has the skills and experience to address the concerns of the City management, Human Resources Department, and affected employees (please see the included resumes);
- Our team has the appropriate mix of project management skills, technical expertise and public sector experience.

We have carefully considered these needs and have proposed a project team that is designed to address these areas and facilitate successful project completion.

PROJECT SCHEDULE

Based on our experience, these types of projects, that include an assessment of compensation, collection of market data, and a compression analysis requires significant time for discussion and review.

We will discuss the details of each phase during Phase I and identify specific deadlines for the project at that time. We will conduct frequent conference calls with the City to ensure that the schedule is monitored throughout the project.

PHASE	DESCRIPTION	1	2	3	4	5	6	7	8	9
Phase I:	Project Strategy & Compensation System Assessment									
Phase II:	Job Evaluation Study (optional)									



Phase III:	Compensation Study									
Phase IV:	Final Report									

STAFFING

We are proud of the high level of customer service that we provide and believe we have the staffing structure that provides for continuous and open conversation, as well as quick and timely responses. To that end, there are five critical concerns that must be addressed in organizing, staffing, and managing this project:

- Communications must be open and maintained with employees and management, we provide one continuous project manager through the course of the project to ensure complete understanding;
- Upon client request, we provide an anonymous email address that can be used by employees for questions, comments, complaints or suggestions;
- Work will be carefully planned and efficiently performed to meet your objectives and ensure all areas are addressed;
- Our consulting team has the skills and experience to address the concerns of the City Council, City management, the Human Resources Department, and affected employees (please see the included resumes);
- Our team has the appropriate mix of project management skills, technical expertise and public sector experience.

We have carefully considered these needs and have proposed a project team that is designed to address these areas and facilitate successful project completion.

One of the advantages for our clients is that we are a small team-based practice in which all members of the project team are intimately familiar with all activities of the project, while having all of the resources of a major national firm as a result of our merger with Gallagher Benefit Services. We will work closely with you to ensure a quality product that fits your needs and culture. Even though we may assign certain personnel to specific tasks or responsibilities in the work plan, all personnel can step in and perform the work that needs to be accomplished regardless of original assignment. Thus, every person has



multiple personnel as back up support, and allows us the most flexibility and responsiveness in serving client needs.



The staffing plan for the compensation and pay equity components follows.

BRUCE G. LAWSON, MPA, CCP, IPMA-SCP – Project Director

Mr. Lawson is a Managing Director of the firm. In this capacity, Mr. Lawson serves as project director and/or technical advisor, providing technical direction and quality assurance. He is responsible for all consulting activities in the areas of job evaluation and compensation, organization analysis, personnel systems and policy development. Mr. Lawson has been directing classification and compensation studies for more than 25 years. Prior to forming Fox Lawson, he spent 15 years with the firm of Ernst & Young LLP where he served as the national director of its public-sector compensation consulting practice. He also served as City Manager in two California cities (Los Altos Hills and Belvedere), was the County Administrative Officer in Multnomah County (Portland) Oregon, Assistant City Manager/Personnel Director in Corvallis, Oregon, and Assistant to the City Administrator/Personnel Director in Placentia, CA. Mr. Lawson served on the City of Phoenix (AZ) Public Safety Employees Retirement Board for 12 years. Mr. Lawson has a Master's Degree in Public Administration from the California State University at Fullerton, is a.b.d. in Public Administration from Golden Gate University in San Francisco, and has earned his CCP certification from *WorldatWork*. He is also an active member of several professional associations including the College & University Professional Association for Human Resources, the International City & County Management Association, the International Public Management Association for Human Resources, the Society for Human Resources Management and *WorldatWork*. Mr. Lawson co-authors a quarterly compensation article called the *CompDoctor™*. Mr. Lawson will serve as project director for the project.

JAMES C. FOX, Ph.D., IPMA-SCP – Technical Advisor

Dr. Fox is a Managing Director of the firm. In this capacity, he serves as project director and/or technical advisor on all projects, providing technical direction and quality assurance. He is responsible for all consulting activities in the areas of personnel management, job evaluation and compensation, organization and management analysis, executive compensation, and survey research. Dr. Fox has been directing classification and compensation studies for more than 25 years. Prior to forming the firm, he was a Partner in the firm of Ernst & Young LLP and headed up the firm's regional compensation practice, with national responsibility for the public sector compensation practice. Dr. Fox holds both M.A. and Ph.D. Degrees in Sociology from the University of Minnesota. He has been an instructor at Metropolitan State University and the University of Minnesota, and has been a guest lecturer at regional conferences and meetings. He is a member of the Society of Human Resource Management, *WorldatWork*, where he is on the faculty, and was the Professional Development Coordinator of the Compensation Council of the Twin Cities Personnel Association. He is the Chairman of the Human Resources Committee of the Board of the Northern Star Council of the Boy Scouts, the past Chairman of the Board of Project Pathfinder and is a member of the Ramsey County Personnel Review Board. Dr. Fox co-authors a quarterly compensation article called the *CompDoctor™*. Mr. Fox will serve as a technical advisor for the project.



MIKE VERDOORN, MA-HRIR, CCP, IPMA-SCP – Project Manager

Mr. Verdoorn will serve as the Project Manager through all the project's phases. Mr. Verdoorn has been with Fox Lawson for ten years, and is a former compensation analyst at Imation and the University of Minnesota. He has a Master's Degree in Human Resources and Industrial Relations from the University of Minnesota, and has earned his CCP certification from *WorldatWork*. He managed the 2017 Pay Equity Study for the City of Austin.

RONNIE E. CHARLES, SPHR, GPHR, IPMA-CP, Principal Consultant

Mr. Charles is a Principal Consultant with the firm. He is responsible for leading Gallagher's Public Sector consulting practice in the eastern region of the United States and will be the project manager and lead consultant. Mr. Charles has over 30 years of Public Sector HR experience including Chief Human Resources Officer (CHRO) experience most recently in the City of Baltimore with additional professional positions in the District of Columbia, State of Virginia, and City of Suffolk, Virginia. Mr. Charles has a Bachelor's Degree in Management from Saint Paul's College. Mr. Charles is a member of several professional organizations, including the International Public Management Association for Human Resources (IPMA-HR) and currently chairs the International IPMA-HR Professional Development Committee. In addition, Mr. Charles also currently serves as the Chair of the Human Resources Institute (HRCI). He brings vast experience in domestic U.S., International, and Global HR Compensation practices. Ronnie is based in Richmond, VA.

LORI MESSER, MA, CCP – Staff Support

Ms. Messer is a Senior Consultant of the firm. She is responsible for conducting classification and compensation consulting projects. Ms. Messer has worked with and for a variety of public and private sector organizations, including states, cities, counties, school districts, colleges, universities, and special districts. Prior to joining the firm, Ms. Messer held positions with school districts and a variety of consultative human resources and compensation positions in high tech, distribution, healthcare and local government organizations. Ms. Messer has a Bachelor's Degree in Business Administration from Arizona State University and a Master's Degree in Education from the University of Phoenix. She is also a member of *WorldatWork* and has earned her CCP certification.

SANDRA SPELLMAN, MPA, IPMA-SCP – Staff Support

Ms. Spellman is a Senior Consultant with the firm. She is responsible for conducting classification, job evaluation, and human resource process consulting projects. She has been conducting studies for our firm for ten years and specializes in the areas of classification, communications, human resource strategy and process, performance management and employee and management focus group meetings. Ms. Spellman has worked with various types of organizations including states, cities, counties, colleges and universities, and the federal government. Prior to joining the firm, Ms. Spellman spent 18



years with Ernst & Young's consulting practices where she was responsible for client and internal change management, communications, and training strategies. She has also held state executive and legislative positions addressing a wide range of human resource and related issues. Ms. Spellman has a Bachelor's Degree in Sociology/Political Science from Arizona State University and a Master's Degree in Public Administration with an emphasis in Organizational Development from the same institution. She is a member of several professional associations, including the College & University Professional Association for Human Resources, International Public Management Association for Human Resources, and *WorldatWork*. Ms. Spellman will provide professional level staff support as needed.

ANNETTE HOEFER, MBA, CCP – Staff Support

Ms. Hoefer is a Senior Consultant. She is responsible for conducting classification and compensation consulting projects. She has been conducting classification and compensation studies for our firm for ten years and specializes in the areas of classification, job evaluation and compensation, personnel systems and policy development, performance management systems, employee communications, strategy discussions, pay administration planning, and focus group facilitation. Ms. Hoefer has worked with various types of organizations including states, cities, counties, colleges, universities, special districts, and private sector organizations. Prior to joining the firm, Ms. Hoefer worked for 9 years in the same capacity at Lee and Burgess Associates, a consulting firm based in Colorado, and prior to that, had held human resources positions in energy and insurance companies. Ms. Hoefer has a Bachelor's Degree in Business Administration from the University of Iowa and a Master's Degree in Business Administration with an emphasis in Human Resources from same institution, and has earned her CCP certification from *WorldatWork*. Ms. Hoefer will provide professional level staff support as needed.

NICHOLE ARKO, MBA, CCP – Classification and Compensation Support

Ms. Arko is a consulting associate of the firm. She is responsible for providing classification and compensation consulting support in all phases of the project. Ms. Arko has worked with a variety of public and private sector organizations, including cities, counties, museums and colleges. Prior to joining the firm, Ms. Arko spent 10 years in a variety of consultative compensation positions in healthcare, environmental services and manufacturing organizations. Ms. Arko has a Bachelor's Degree in Marketing from Arizona State University and a Master's Degree in Business Administration from the same institution. She is also a member of the Arizona Total Rewards Association and *WorldatWork* and has earned her CCP certification.

QUYANG PAN, MA-HRIR – Staff Support

Ms. Pan is a consulting associate in our compensation and human resources management consulting practice. She is responsible for providing classification and compensation support in all phases of the project. Ms. Pan joined the firm in September 2012. Prior to that, she worked for Maersk A.P. Moller Group for four years in market research and client service. She has broad exposure to all functional areas in the business environment. Ms. Pan has a Bachelor of Science degree in Accounting from Xiamen University and a



Master's Degree in Human Resources and Industrial Relations from the University of Minnesota. She's member of the Twin Cities Human Resource Association.

AUGUST ZHU, MA-HRIR – Staff Support

Mr. Zhu is a consulting associate in our compensation and human resources management consulting practice. He is responsible for providing classification and compensation support in all phases of the project. Mr. Zhu has a Bachelor of Science Degree in Human Resources from Shanghai Jiao Tong University and is a Human Resources and Industrial Relations (MA-HRIR) candidate of the University of Minnesota, class of 2013. Prior to joining Fox Lawson & Associates, he was a compensation analyst at BASF (China) and organization development consultant at Bovis Consulting.

DEEKSHA GARG, MA-HRIR – Staff Support

Ms. Garg will provide staff support during all phases of this study. Ms. Garg has a Bachelor's Degree in Psychology from Bangalore University, India and a Master's Degree in Human Resources and Industrial Relations from the University of Minnesota. She previously worked at Nielsen Company (India) as a consultant for 2 years and later joined Basix Microfinance (India) in talent acquisition.



REFERENCES

Our firm has assisted several hundred public sector clients throughout the country. These projects have included from less than 100 to more than 100,000 employees. Below are several organizations we are currently assisting or have recently assisted. Contact information is listed for each project. These projects are relevant in demonstrating our ability to meet the needs of the AACOG and show considerable experience reviewing and developing classification and compensation systems. Our references will attest to the timeliness, quality and responsiveness of services we provide, as well as our knowledge of legal issues such as the ADA, EEO, and FLSA, and our ability of dealing with organizations of your size and needs. We continue to provide ongoing services for many of our clients.

CITY OF AUSTIN, TX

In 2016/2017, we assisted the City in conducting a pay equity analysis across all 1,100 job titles and 10,000+ employees. The final report was presented to, accepted by, the City Council in May 2017. Debbie L. Maynor, MBA, IPMA-SCP, SPHR, SHRM-SCP, Assistant Director, Human Resources Department, (512) 974-3376

CITY OF SAN ANTONIO, TX

In 2012, we were retained to conduct a diagnostic review of human resource processes and to assist with implementation of process improvement projects. Natalie Balderrama, Organizational Performance Manager, natalie.balderrama@sanantonio.gov; 100 Military Plaza, San Antonio, TX 78205.

CITY OF WEST UNIVERSITY PLACE, TX

In 2014, we were retained to conduct a comprehensive compensation study and internal alignment analysis for all positions at the City. Our firm continues to provide on-going support for the City. Wendy Standorf, Human Resources Director, 713-662-5820; wstandorf@westutx.gov.

CITY OF BELLAIRE, TX

In 2014, we were retained to conduct a comprehensive compensation study and internal alignment analysis for all positions at the City. Yolanda Howze, Human Resources Director, 713-662-8270; yhowze@ci.bellaire.tx.us.

TEXAS MUNICIPAL RETIREMENT SYSTEM, TX

In 2014, we were retained to conduct a comprehensive classification and compensation study for all positions at the System. We developed an updated classification system that included clearly defined career paths and an updated, comprehensive compensation system. David Gavia, Executive Director, 512-476-7577; dgavia@tmrs.com.

CITY OF ROSENBERG, TX



In 2015, we were retained to conduct a comprehensive classification and compensation study for all positions at the City. The project encompasses 261 full-time employees in 112 job titles. Joyce Vasut, Executive Director of Administrative Services, 832-595-3350; joycev@ci.rosenberg.tx.us.

CITY OF DEER PARK, TX

In 2013, we were retained to conduct a comprehensive compensation study for all positions at the City. We also made recommendations for areas of opportunity for class consolidation. We were subsequently retained in 2015 to update the City's compensation structure. Bill Philibert, Human Resources Director, 281-478-7250; bphilibert@deerparktx.org.

CITY OF SUGAR LAND, TX

In 2013, we were retained to conduct a review of compensation for 86 benchmark positions at the City; we were subsequently retained in 2014, 2015 and 2016 to perform a similar review of additional benchmark positions. Sharon Jenkins, Human Resources Manager, 281-275-2210; sjenkins@sugarlandtx.gov.

CITY OF WEBSTER, TX

In 2014, we were retained to conduct a comprehensive compensation study for all positions at the City. The project encompasses 151 full-time employees in 79 job titles. In 2015 we were subsequently retained to perform a benefits study and provide updates to the compensation structure. Carmen Williams, Human Resources Director, 281-316-4104; cwilliams@cityofwebster.com.

CITY OF STAFFORD, TX

In 2015, we were retained to conduct a comprehensive classification study for all positions at the City. The project encompassed 125 full-time employees in 62 job titles. In 2016 we were engaged to complete a compensation study for the City. Karen Austin, Director of Finance, 281-261-3910; kaustin@cityofstafford.com.

HARRIS COUNTY FACILITIES & PROPERTY MANAGEMENT, TX

In 2013, we were retained to conduct a compensation study for facilities and property management positions at the County. We conducted a market analysis of benchmark positions and developed a proposed pay structure. We continue to conduct surveys for this organization by request. Andrea Kimble, Human Resources Manager, 712-755-2175; andrea.kimble@fpm.hctx.net; 1310 Prairie Street, Suite 1330, Houston, TX 77002.

BRAZOSPORT COLLEGE, LAKE JACKSON, TX

In 1998, we conducted a comprehensive classification and compensation study for all positions in this community college district. The new plan has been adopted and implemented by the College. We have subsequently been retained to assist the College in updating its pay plan on an annual basis. Dr. Millicent Valek, President at 979-230-3200 or mvalek@brazosport.cc.tx.us or Marshall Campbell, Director of Human Resources at 979-230-3459 or marshall.campbell@brazosport.edu; 500 College Drive, Lake Jackson, TX 77566.



CITY OF COLLEYVILLE, TX

In 2013, we conducted a classification and compensation study for all employees for this City. We were subsequently retained to develop a new performance management program that links with the new compensation program. Michelle Reyes, former Human Resources Director, (817) 504-5083 or michelle@rmreyes.com.

METROPOLITAN TRANSPORTATION AUTHORITY (METRO) – HOUSTON, TX

In 2011, we were retained to conduct a comprehensive market compensation assessment. Irma Arevalo, Sr. Manager Compensation, 832-671-6375 or Terrence Fontaine, Chief Administrative Officer, 713-739-4655 or terrence.fontaine@ridemetro.com; 1900 Main Street, Houston, TX 77208.

VIA METROPOLITAN TRANSIT – SAN ANTONIO, TX

In 2012, we were retained to conduct a comprehensive market compensation assessment. Jeff Arndt – Chief Executive Officer, (210) 362-2050 or jeff.arndt@viainfo.net; 800 W. Myrtle, San Antonio, TX 78212.

CITY OF COLLEGE STATION, TX

FLA continues to provide ongoing classification support for this City. In 1999/2000, we were retained to conduct an audit of the City classification and compensation program. We were also asked to conduct a market compensation study and to develop a new compensation program covering all City positions and jobs. The City Council has adopted the recommendations and the new plan has been fully implemented. The City subsequently retained us to install the Decision Band Method of job evaluation in order to support their new focus on broadband classifications. In 2003, we conducted a market compensation study for the City and updated its compensation plan. In 2008, we were hired to update their compensation system by conducting classification review and internal equity analysis of their jobs. Alison Pond, Director of Human Resources, 979-764-3518 or apond@cstx.gov.

Other References

CITY OF RALEIGH, NC

In 2015, we assisted the City in conducting a comprehensive Compensation System Study which provided for the development of a formal compensation philosophy, identified appropriate labor markets and benchmark jobs, recommendations for alternative pay structures, and enterprise wide employee and key stakeholder communication strategies. Mr. C. Stephen Jones, Jr. MBA, SPHR at 919-996-4708 or C.Stephen.Jones@raleighnc.gov, 222 W. Hargett Street, First Floor, Raleigh, NC 27601.

BEAUFORT COUNTY, SC



In 2015 we were engaged to assist the County in conducting a comprehensive Classification & Compensation Study covering approximately 840 full-time and 130 part-time positions. This ongoing engagement includes a review of the County's job evaluation and classification structure, position description updates and a market survey to determine internal and external competitiveness. Ms. Suzanne Gregory, Director of Human Resources, at 843-255-2982 or suzanneg@bcgov.net, PO Box 1228, Beaufort, SC 29901-1228.

CITY OF TULSA, OK

We were engaged in 2013 to conduct a compensation and classification study covering their approximately 3,500 positions. Erica Felix-Warwick, Director of Human Resources (918) 956-7422 or EFELIX-WARWICK@cityoftulsa.org.

CITY OF BALTIMORE, MD

We were retained in 2007 to conduct a comprehensive classification and compensation study for the City of positions within the "Managerial and Professional Society" (MAPS), with approximately 1,000 employees in 800 job classifications across a number of City departments and agencies. In 2012 we were engaged to provide professional project implementation support. Ms. Mary Talley Director, Human Resources, City of Baltimore at 410-396-1503 or Mary.Talley@baltimorecity.gov.

STATE OF NORTH CAROLINA

In 2007 we were engaged to conduct a performance audit of the Human Resources function, including a special analysis of their Career Banding proposal. The audit examined each of the human resources functions, including organization and staffing of HR, recruitment, training and management of the HR function. The legislative government performance audit committee managed the audit. Lynn Freeman, Human Resources Assistant Director, Administration Building, 116 West Jones Street, Raleigh, NC, 919-807-4805.

CITY OF CLARKSVILLE, TN

In 2009 we were engaged to assist the City in reviewing and updating its classification and compensation systems covering approximately 1,000 employees in 350 classifications. Will Wyatt, Director of Human Resources, 931-645-7451, Will.wyatt@cityofclarksville.com.

CITY OF NEWPORT BEACH, CA

Since 2012, we were originally retained to assist the City in conducting a review of its management/executive compensation plan, as well as to review the City's overall job classification structure and make recommendations regarding how the system could be simplified to adapt to the current work environment. We have subsequently been retained to conduct a comprehensive job classification and compensation study covering all city positions. Terri Cassidy, JD, Director of Human Resources, 949-644-3303 or TCassidy@NewportBeachCA.gov.



TOWN OF GILBERT, AZ

During 2012-2103, we conducted a comprehensive classification and compensation study for the Town and continue to provide ongoing support. In 2011, we were retained to conduct a diagnostic review of the Town's job classification and compensation systems. One of the findings from that review was that the Town did not have a current a viable compensation philosophy and strategy. We were subsequently retained to assist the Town's Compensation Committee and the Town Council in developing a new compensation philosophy. The result was adoption of a new philosophy and related strategies by the Town Council. Carrie Bosley, Director of Human Resources. Phone: (480) 503-6922 or carrie.bosley@gilbertaz.gov.

CITY OF TACOMA, WA

In 2008, we have been retained to assist the City in developing a new job classification structure covering all City positions (including those within the City's Public Utilities), as well as to develop a new compensation program using data to be collected by another consulting firm. Joy St. Germaine, Human Resources Director at (253) 591-2060 or jstgermain@ci.tacoma.wa.us.

CITY OF MURFREESBORO, TN

In 2013, we were retained by the City to assist in the development of a new total compensation philosophy and strategy. In 2017, we have been retained to update the City's compensation plan, as well as assess internal alignment of selected jobs within the sworn services. Glen Godwin, Director of Human Resources (615) 848-2553 or ggodwin@murfreesborotn.gov.

CITY OF FRANKLIN, TN

Currently and since 2006, Gallagher Benefit Services, Inc. (Nashville) provides ongoing classification and compensation support for the City. In 2006, GBS conducted a market study (including a custom survey) and analysis of the existing structure and made recommendations regarding structure adjustments. Shirley Harmon, Director of Human Resources (615) 550-6720 or shirley.harmon@franklintn.gov.

CITY OF KANSAS CITY, MO

In 2005, we were initially engaged to review and further develop changes that the City was proposing for their compensation program. The three changes where to move from a narrow classification system to a broadly defined system, changes and improvements to their pay for performance and performance evaluation system and conducting a market survey to bring pay levels to market levels. In 2007 and in 2012, we conducted a comprehensive market survey. Gary O'Bannon, Director of Human Resources, 816-513-1925 or Gary_O'Bannon@kcmo.org.

CITY OF DANVILLE, VA



In 2006, we were engaged to conduct a job evaluation and compensation study covering all positions (approximately 1,200 in 360 job classifications). Andrea Haley, Director of Human Resources, (540) 553-1805 or haley@ci.danville.va.us.

CITY OF ROANOKE, VA

FLA conducted an audit of the classification and compensation system of this City to determine competitive rates of pay for its 2,000 employees. We also conducted a comprehensive salary and benefits survey of similar-sized organizations in Virginia and surrounding cities and counties to determine the competitive rates of pay for similar positions. Recommendations were made to update the current compensation grades and ranges. Ken Cronin, Manager of Human Resources, (434) 799-5240.

CITY OF GREENSBORO, NC

We conducted a compensation survey in 2003 of 29 benchmark jobs and 24 organizations, which included 13 private companies. The survey covered technical, professional, and management level jobs for the City. Chris Yountz, Compensation Manager, 300 West Washington Street; Greensboro, NC, 336-373-2607.

CITY OF EDMUND, OK

We were retained in 2008 to review and revise the performance management system for all jobs except fire and police. We recommended a process and form that is more focused on employee development and linking performance expectations with departmental objectives. A new process of ranking employee performance was recommended to link it to pay increases. A training program was developed and delivered to all employees. Anita Breen, Director of HR, 405-359-4686, anita.breen@edmondok.com.

MECKLENBURG COUNTY

In 2004, we were retained by the County to develop a new classification and compensation system covering the County's 6,000 employees. The objective of the project was to streamline and simplify the system by reducing the number of job classifications from more than 500 to less than 200 and to move towards a broadband pay structure. A comprehensive salary and benefits survey was conducted as part of the study to develop compensation recommendations. Jan Millard, former Compensation Manager, now at Charlotte-Mecklenburg Schools, 701 E. Martin Luther King, Jr. Blvd., P.O. Box 30035, Charlotte, NC, 704-336-3181.

CITY OF FRESNO, CA

Since 2006, we have been assisting the City in developing a new job classification and compensation program covering all positions in the City, including utility and airport positions. Terry Bond, Director of Human Resources, 559-621-6964 or Terry.Bond@fresno.gov.





PROPOSED FEES AND COST

We would not like fees to be the major impediment to acquiring the most experienced provider to address these important needs during this unprecedented time period. Although we believe the work plan presented is the optimal approach to achieving your objectives, we would be pleased to explore options that may reduce the fees to fit your budget. Our fees are outlined on the Price Proposal Form as requested by the City. In this era of economic uncertainty and shrinking revenue sources, many of our clients are moving toward a classification structure and pay strategy that provides the flexibility necessary to manage efficiently with more limited resources. Gallagher/FLG has significant experience working with clients to design such systems and our managing directors are nationally recognized speakers and instructors in innovative compensation approaches and methods. Although we believe the work plan presented is the optimal approach to achieving your objectives, we would be pleased to explore options that may reduce the fees to fit your budget.

ADDITIONAL INFORMATION AND RESOURCES

We recommend the use of the Decision Band Method® for job evaluation. It is described briefly below.

DECISION BAND METHOD®

SUMMARY AND OVERVIEW

BACKGROUND

The Decision Band Method® (DBM) of job evaluation is a highly effective method of objectively evaluating the worth of a job to an organization. A sound theoretical framework serves as the basis of the method that provides a consistent and valid approach to comparing and contrasting jobs.

Initially developed over sixty years ago by Professor Emeritus Thomas T. Paterson, and further refined by Fox Lawson's compensation consultants, the Decision Band Method® has been tested in organizations throughout the world as a means of identifying rational distinctions in pay for all jobs. DBM has been used successfully in both public and private sector organizations. Organizations converting their current job evaluation plans to the DBM framework can be assured that their pay hierarchy will be reliable, valid and justifiable.

The basic premise of DBM is that the value of a job to an organization is based on its level of responsibility. Responsibility is reflected, and therefore measured, by the decision-making



requirements of the job. Because all jobs require incumbents to make decisions in order to perform their jobs, decision-making is a logical and equitable basis on which to compare jobs within an organization.

SUMMARY OF METHOD

DBM job evaluation involves three basic steps. First, jobs are classified into one of six different "Decision Bands" based on the characteristics of the decisions that a job requires. This classification process reflects the level of responsibility of the job within the organization. The second step involves classifying the jobs within each "Decision Band" into one of two "Grades" based on the differential supervisory difficulty and effort required of the job. Each of the six bands is subdivided into two grades, (coordinating and non-coordinating) or subclasses, depending on the requirements to monitor or supervise subordinate jobs. Exhibit 5 is an overview of the DBM Decision Structure.

At this point in the process, jobs will have been classified into a hierarchy of twelve different classes of jobs, based on the job's level of responsibility and supervisory difficulty and effort.

The third and final step involves further subdivision of jobs within each grade into subgrades by reference to the complexity, difficulty, and skills required of the job in relation to other jobs that have been classified into the same Band and Grade. Frequently, this subgrading is done within each occupational group in order to facilitate the making of relative judgments in comparing the complexity, difficulty, and skills required of jobs across different occupations. The subgrading process shares many characteristics with point-factor methods of job evaluation.

Finally, the jobs are priced within the relevant labor market.

Banding

The first step in evaluating jobs using DBM involves banding each decision-making task according to the kind of decision required. All jobs in an organization are composed of a set of tasks. In most organizations, job descriptions are formal documents that describe these tasks. In order to perform all its requirements each task requires the incumbent to make different kinds of decisions some of which may be of a higher level of greater difficulty than others. Each decision-making task is assigned a Band and a job is classified according to the highest level of decision required.

The Decision Bands are defined as follows:

BAND F - POLICY MAKING DECISIONS These are decisions that determine the scope, the direction, and the overall goals of the whole organization. They are subject to few constraints other than those imposed by law and/or economic conditions, and they take into consideration all the major divisions or departments, the limits of funds available to each, and the scope of their programs. Band F decisions are the kind typically made by a



Board, Council, or CEO.

BAND E - PROGRAMMING DECISIONS Band E decisions deal with the means of achieving the goals established at Band F. These decisions are concerned with formulating or adjusting programs for the major Functions/divisions/departments, and allocating resources (facilities, people, money, materials) among these groups. The executives at Band E are typically in charge of, or responsible for, advising line executives, heading up such major functions as marketing, administration, production, and finance in private sector organizations, and major departments in public sector organizations.

BAND D - INTERPRETIVE DECISIONS At Band D, the incumbents are required to interpret and carry out the programs or objectives developed at Band E. These decisions specify what is to be done in lower Bands, and how the resources allocated by Band E are to be deployed. If circumstances change, or if there is uncertainty about how resources are to be deployed, a Band D decision is required to establish what is to be done in similar circumstances in the future. Band D decisions are typically made by middle managers in various functions.

BAND C - PROCESS DECISIONS Decision's in Band C involve determining the means or process of achieving the objectives, standards or guidelines established by Band D decisions. They are subject to the limits imposed by the available technology and resources and to the constraints set by Band D. Selecting the process is a decision that must precede carrying out the operations that make up the process. A process decision specifies what is to be done at Band B. These are typically decisions made by supervisory personnel and/or senior technical specialist positions.

BAND B - OPERATIONAL DECISIONS These decisions focus on how to carry out the operations of the process specified by a Band C decision. There is, within the limits set by the specific process, a choice as to how and when the operations are carried out, but not as to what operations constitute the process.

BAND A - DEFINED DECISIONS Band A decisions are confined to the manner and speed of performing the elements of an operation. There is, within the limits set by the prescribed operation, a choice as to how the elements are performed, but not as to what elements constitute the operation.

These Decision Bands form a continuum of responsibility within an organization. Thus, the higher the level of decision-making required, the greater the level of responsibility.

Grading

The next step in the evaluation process is to classify the jobs according to the difficulty and



effort involved in the supervisory responsibilities, if any. Jobs which require the incumbent to supervise or monitor other jobs assigned to the same Band (except Band A jobs) are assigned to the higher (coordinating) of the two Grades within the Band to which his job has been assigned. Jobs which do not supervise or monitor other jobs at the same band, but may supervise or monitor jobs at the next lower band are assigned to the lower of the two grades (except Band A jobs). For example, a job that is assigned responsibility at the D7 level is responsible for supervising or monitoring jobs assigned to the D6 level. The D6 job may or may not supervise or monitor jobs at the C5 or lower Bands/Grades in the organization. Within each Band, there are, therefore, two Grades of jobs Coordinating and Non-Coordinating.

Subgrading

By this time, if one were evaluating all jobs within an organization, the jobs would be classified or grouped into no more than 12 different groups of jobs. All jobs classified within the same Band and Grade are judged to be of roughly equivalent worth to the organization. However, as a practical matter, 12 Grades are generally viewed as too few to differentiate relative worth adequately.

Jobs are now subgraded (ranked) by Grade. As an example, between two data processing jobs one is more difficult than another and therefore given different subgrades. By limiting the subgrading step to within grades, the subjectivity of the evaluation process is greatly reduced.

Subgrading involves assessing the relative difficulty, complexity, and skills required of the job in comparison to the other jobs within the same Band and Grade. Since difficulty and complexity are stubborn concepts to apply, DBM provides criteria to assist in determining the relative difficulty between decision-making requirements of jobs being evaluated:

- Time pressure
- Need for alertness
- Need for care and precision
- Essential skills and knowledge

In unusual situations, other compensable criteria such as working conditions may be added, depending on the occupational group and organizational characteristics.



2018 Powers Ferry Road SE Suite 850 Atlanta, GA 30339-7200
T 678.306.3100 www.segalco.com

May 23, 2017

Bridgett Kovar
City of Austin, TX
1000 Red River Street
Austin, TX 78701-2698

Re: City of Austin, Texas RFP for Actuarial Services and Employee Benefits Consulting

Dear Ms. Kovar:

Segal Consulting ("Segal") is pleased to submit this proposal to provide professional benefits Consulting Services for the City of Austin, TX. We believe Segal is uniquely qualified to provide the consulting and actuarial services included in this RFP.

Segal has extensive experience in providing the same proposed health and welfare services requested by the City to public plans and employers. We work with more than 20 state-level health plans across the Country and hundreds of cities, towns and counties. Your senior team works for a number of public sector entities, large and small, throughout the southeast region. Segal is also the benefits consultant and actuary for the City of Houston, for which our contract was recently renewed.

Segal has assembled a team to be fully responsive to the requirements of this RFP. We are prepared to deliver all services defined under **Section 3 – Scope of Professional Benefits Consulting Services**. In our response, we will clearly show why Segal is the most qualified firm to meet your needs and we attest to the accuracy of our delivery of services detailed in our proposal.

We detail our comprehensive and proven methodology that has been used for a wide array of public sector clients. We also recognize that each client is unique. With this in mind, our approach to strategy development and vendor management/procurement will be tailored, paying particular attention to nuances of the City's benefits philosophy and culture. Segal strives to be your long-term advisor and will work with the City in a proactive partnership. Our Atlanta team has a track record of success and client satisfaction.

Segal complies with and addresses the following:

- Our proposal is signed by, **Kenneth C. Vieira, FSA, FCA, MAAA**, Senior Vice President and East Region Public Sector Market Leader, who is authorized to commit Segal to the services, compliance requirements and prices stated in our proposal.

Mr. Kenneth C. Vieira, FSA, FCA, MAAA
Senior Vice President and East Region Public Sector Market Leader
2018 Powers Ferry Road, Suite 850
Atlanta, GA 30339-7200
Phone: 678.306.3154 Fax: 678.669.1887 Cell: 404.709.9016
kvieira@segalco.com

- The Account Manager assigned to this account is **Laine Ingle**. Laine is a Senior Benefits Consultant and the Atlanta Health Practice Leader. Laine's contact information is as follows:

Laine Ingle
Senior Health Consultant
2018 Powers Ferry Road, Suite 850
Atlanta, GA 30339-7200
(t) 678-306-3132
(f) 678-669-1887
lingle@segalco.com

- Segal is headquartered in New York, New York (address provided below in our response) and we are incorporated in the State of Delaware. The Atlanta Office, housing our senior public sector staff, will be the primary office we will use to service your account.

Segal Company
2018 Powers Ferry Road, Suite 850
Atlanta, Georgia 30339-7200
(t) 678-306-3100
(f) 678-669-1887

- We have included all the required Attachments and Forms.

- We have included our edits to the contract terms and conditions, along with justifications to those edits under the required **Section 0630: Exceptions Form**.
- Our proposal is printed in an 8 1/2" x 11" paper and is consecutively numbered pages. The original copy shall be bound or in a 3-ring binder, is clearly labeled as "ORIGINAL" and includes the original signature of the person authorized to sign on behalf of Segal.
- Our submission also includes a flash drive housing the entire Proposal in a searchable Adobe Acrobat format.
- We understand the RFP and the contract requirements. We plan to demonstrate that we meet these requirements through our team credentials and our long-term experience performing all aspects of the services defined in the City's RFP.
- We have provided Segal Team Resumes to detail our team's experience.

Segal would be privileged to be retained as consultant to the City of Austin, TX. Our proposal is intended to be fully responsive to the RFP. We welcome the opportunity to meet with you to discuss our experience and qualifications in greater depth.

Should you or other members of the Evaluation Committee have questions about the materials contained in this proposal, please do not hesitate to contract me at (678) 306-3154. We appreciate your consideration and look forward to working with you on this important assignment.

Sincerely,

A handwritten signature in black ink, appearing to read 'K. Vieira', followed by a horizontal line.

Kenneth C. Vieira, FSA, FCA, MAAA
Senior Vice President and East Region Public Sector Market Leader

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City of Austin, Texas

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May 25, 2017

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Tab 1 – Executive Summary

Provide an Executive Summary of three pages or less, which gives in brief, concise terms, a summation of the Proposal.

The Executive Summary shall include:

- a. Organization chart of your team servicing the City, including contact information;*
- b. Years in business;*
- c. Summary of your company's history and experience;*
- d. Number of public sector clients;*
- e. Number of large employer groups (over 5,000 employees);*
- f. Ability to perform long term;*
- g. Frequency, quality, and subject matter of professional publications;*
- h. Your organization's ability to exceed the performance of other clients/customers in relation to:*
 - *Cost*
 - *Financial Strength*
 - *Customer Service*
 - *Actuarial Services*
 - *Consulting Services*

The Executive Summary shall also address your organization's commitment to serving the City of Austin's needs relative to the needs of your other clients/customers.

Segal Consulting is delighted to submit our proposal to provide Actuarial and Consulting Services for Benefit Programs and Consulting Services for Compensation Programs to the City of Austin, Texas.

The Segal Group, founded in 1939 in New York by Martin E. Segal as The Segal Company (www.segalco.com) is an independent, privately held consulting firm. It has been employee-owned by its officers since 1978.

As a privately held corporation with more than 1,000 employees throughout the U.S. and Canada, there are currently 245 employee owners of the Segal Group. An 11-member Board of Directors sets policy and governs the organization. Implementation of policies, development of strategies and day-to-day operations are the responsibilities of the Chief Executive Officer.

Segal is a leading, independent firm of benefit, compensation and human resources consultants, with extensive experience in providing un-biased, results-driven actuarial and consulting services to a wide range of clients, including states, local governments, higher education, school districts, the federal government and other public jurisdictions including special district authorities.

For over 77 years, we have developed cutting-edge total reward approaches that provide quality health care, secure retirement, and competitive compensation programs for public and higher education employees. Offering comprehensive benefits requires employers to continually search for cost efficiencies and innovations.

Segal's Consulting Resources

Being an independent, privately held consulting firm, the strategic decisions we make not only affect our 1,000+ clients, but the long-term sustainability and reputation of our firm. With this in mind, we go far beyond other firms in making sure our staff stays relevant and informed. We make sure we have expertise assigned to each practical subject matter. We also develop and purchase a variety of tools and resources for our consultants. This seems like a very simple initiative, but it involves a large investment by our Firm and requires support and directives from our Board of Trustees and Senior Management Team, which we have.

The resources we make available to the Account Manager, and in turn, the City are concentrated in four main areas:

- Segal's Depth and Breadth of Services
- Technology and Tools
- Required Training
- Research and Development

Segal's Depth and Breadth of Services

Two things a firm must have to service an account of your size – sufficient staff and expertise. Segal exceeds those criteria. We are the Nation's largest privately held/employee-owned benefits consulting firm with over 1,000 consulting and support staff, including:

- | | |
|-------------------------------|------------|
| ➤ 150+ credentialed actuaries | ➤ Auditors |
| ➤ MDs | ➤ CEBS |
| ➤ PharmDs | ➤ MBAs |
| ➤ RNs | ➤ FLMI's |
| ➤ JDs | ➤ PhDs |

Segal has selected a core team of eighteen (18) individuals to service the City's account. We will also have additional subject matter experts to assist throughout the contract term. In **Tab 4**, we provide biographical information for the selected team members.

Our highly credentialed staff enables Segal to bring a full complement of consulting services. Segal is an actuarial, benefits, compensation and human resources consulting firm, providing a professional range of services in the following major areas:

- **Health Actuarial Services** include a full array of actuarial services, such as IBNR estimates, funding rate development, expense and revenue projections, budget projections, utilization analysis and reporting, OPEB valuations, trend analysis and review, premium rate negotiation for fully-insured programs, valuation of alternative benefit designs, ROI measurement, analysis to support gain-sharing and trend guarantees, development of risk factors and stratification, review of narrow networks and pay-for-performance strategies, analysis of consumer directed health plans, and the valuation of the impact of wellness, RDS attestations and MA-PD premium negotiations, health management and value-based benefit designs and strategies.

- **Health Benefits Advisor Services** for life and health benefit plans include the design of medical, dental, prescription drug and vision benefits plans; assistance in the selection and quality evaluation of insurers and managed care organizations; and projections of benefit plan costs. Other services include evaluation and formulation of provider reimbursement systems; design and implementation of managed disability, health promotion and employee assistance programs; the application of healthcare cost management techniques; long-term care studies; hospital and medical claims and utilization review audits; collection and analysis of cost utilization data; consultation regarding the creation and management of healthcare coalitions; design and selection of disease management programs; design, selection and implementation of retiree health plan strategies and vendors; and the development of centers of excellence programs.
- **Flexible Benefit Services** encompass the total spectrum of employee choice programs including premium-only plans, flexible spending accounts (medical and dependent care) and "full flex" plans, as well as LifeCycle benefit programs and 3-D flexible benefits (a unique program that joins flexible benefits, deferred compensation and LifeCycle allowances).
- **Employee Communications Services** include strategic communications to help plan sponsors achieve their benefits goals. Consultants work with clients to develop materials for a wide range of benefit programs and produce brochures, posters, payroll stuffers, video and slide presentations, individualized benefit statements, comprehensive employee handbooks and individual summary plan descriptions, as well as computer interactive communications. The staff also conducts seminars, focus groups and training for meeting presenters.
- **Compliance Services** include the review of plan documents, plan enrollment information and participant correspondence for compliance with Internal Revenue Code and Department of Labor provisions and regulations, internal and external consistency and the provision of clear rules and guidelines for plan operation. In addition, Segal offers a separate service – **Crosscheck™** – that provides specially trained experts to conduct an operational review of a client's administrative procedures to help a client and its legal counsel determine whether plan operations are meeting legal and regulatory requirements, and are consistent with what the plan promises.
- **Human Resources Consulting Services** provide strategic analysis of an organization's human resources objectives and practices; assist in aligning goals and HR strategy; examine and report on whether outsourcing is appropriate; assist with the vendor selection process; and support the implementation process.
- **Compensation Consulting Services** encompass customized program design and the implementation of administration of total compensation programs. This includes job classification and evaluation studies, compensation surveys and databases, as well as reward system design.
- **Retirement Consulting and Actuarial Services** include the design of defined benefit and defined contribution plans, the preparation and review of actuarial valuations, the valuation of retiree health plan liabilities and obligations, long-term disability plans and other health programs. Segal's actuarial reports pinpoint significant findings, present available options, explore alternatives, measure assumptions and highlight changes and trends. Our professional actuarial staff includes Fellows and Associates of the Society of Actuaries, Members of the American Academy of Actuaries, Fellows and

Members of the Conference of Consulting Actuaries, Enrolled Actuaries and Fellows of the Canadian Institute of Actuaries.

- **Administration and Technology Consulting** helps clients define the use of technology in managing human resources information by evaluating the existing human resources technology environment and defining users' functional and technical requirements. Our consulting team offers practical alternatives to improve a plan's current procedures utilizing either outsourcing vendors or available technology. Internet and Intranet applications for benefits communications are also offered. Segal provides implementation oversight and manages vendor identification, evaluation and selection.
- **Organizational Performance Measurement Services** use employee and customer loyalty measurement systems to design competency models and competency-based performance management systems, develop business cases for implementing change and create focused recruitment/retention goals for critical roles in the organization.
- **Work/Life Benefits Consulting Services** include facilitating discussion on work/life issues and assisting with planning and program design that aligns work/life incentives with an employer's business culture and goals. Consultants analyze, measure and monitor work/life programs, assess employee needs and preferences, and prepare cost/benefit analyses. Other work/life consulting services include assisting with vendor searches, developing paid time-off programs and flexible work arrangement strategies, and designing managers' training programs on work/life balance and flexibility.
- **Investment Consulting Services** (through our SEC-registered affiliate, Segal Marco) helps our clients ensure that their defined contribution or defined benefit retirement funds are prudently invested.

Segal Differentiators

The following highlights our commitment to the City:

- **Commitment to Service:** Our well-recognized position as a benefits consulting firm ensures the City of highly qualified people and a full range of services and consulting perspectives upon which we are able to draw for our clients. We have assembled a highly experienced team to work with the City. Our team is available and will begin work immediately upon contract award, making the transition seamless for you.
- **Commitment to Quality:** We constantly measure our performance through internal quality standards to ensure we deliver services and products that meet our clients' expectations. The depth of our experience in health care pricing, design, administration, compensation, and communication enhances our dedication to quality.
- **Commitment to Dependability:** Many of the services we perform must be completed within a very tight time frame. We will collaborate with you to establish mutually attainable work schedules and will dedicate the staff and resources necessary to meet those deadlines. The trust we will seek to develop over time with the City is something we value and strive to reinforce.
- **Commitment to Innovation:** Technical competence is important, but we also strongly believe that our role as consultant is to add value to the City, the Board and the State, as well as the employees and

retirees the City serves. We will identify emerging issues and propose innovative solutions to assist the City in meeting its operational challenges.

- **Commitment to People:** Through collaborative consulting combined with our objectivity, Segal provides unique insight into your strategic objectives. We supply customized strategy-to-implementation solutions aligned with your goals, rather than answers simply tied to products or pre-packaged solutions. We believe this approach helps create lasting relationships built on mutual trust.
- **Commitment to Resources:** We have also gone to great length to integrate our technical talent. Our actuaries work side by side with lawyers, clinicians, accountants, data analysts, benefit consultants, etc. Although the City is primarily seeking actuarial support, our analysis will incorporate the particular expertise of each team member as it relates to the various programs. Your proposed Account Manager, Ken Vieira, has extensive experience in leading teams that service state-level plans, providing both actuarial and general benefit consulting services.
- **Commitment to Independence:** Segal does not provide actuarial services to any insurance carriers, administrators or provider groups. This strategy enables us to remain independent and ensure that our team has no conflicts. Segal believes that firms working for both plan sponsors and their vendors have direct conflicts and cannot be impartial.

Our Approach Is Unique

Segal is known in the benefits, compensation, and human capital industry for the longevity of our client relationships. We have over 2,500 clients across the country and some of our client relationships span a period of more than 50 years. In a number of cases, former clients that retained the services of other consultants have returned to us.

Segal's consulting approach is based in its dedication to our corporate values and the Segal "brand promise" –

"Segal is the firm of choice for clients committed to enhancing their organizations. We are the architects of programs that build and secure the trust between our clients and their people. By continually analyzing our evolving markets, we provide practical advice that looks beyond the numbers to the human side of solutions. Our consultants guide our clients through the challenges confronting them today and prepare them for tomorrow."

Our consulting approach is client focused, timely, pragmatic and forward thinking. The solutions for the challenges facing public sector health plan sponsors today are not rooted in the past; nor can they be based on simply applying benchmarks to what "everyone else" is doing. To be current and relevant in our work:

- We strive to understand our public sector client needs and are sensitive to their unique environment;
- We pride ourselves in challenging the status quo and delivering the work related to the basic consulting tasks needed to support complex health plans;
- We are unmatched in the consulting industry as creative and innovative thought leaders dedicated to excellent solutions;
- We are committed to integrity, professionalism, and exceeding expectations.

WHAT OUR CLIENTS SAY ABOUT US

"Quality people...professional, knowledgeable, and diverse."

"Their strategy focused the alignment to the vision."

"Thorough analyses."

"Ability to understand underlying strategic issues."

"Partnering with the client to best resolve the issue at hand."

"Tells the truth."

Feedback like this from our largest clients has supported our approach.

The Segal Health Consulting Model

Segal defines our basic consulting approach as a model that addresses three critical areas:

- **Financial Management:** aspects of a health plan that are related to budgets, forecasts, rate setting, and reporting.
- **Plan and Network Management:** advisory services that support design effectiveness, network performance, cost sharing strategies, and vendor management.
- **Total Health Management:** advisory services that support clinical results, health risk factor reduction strategies, innovative delivery systems (e.g. Patient Centered Medical Home, Accountable Care Organization), patient safety and care coordination, and medical trend management.

The following diagram illustrates how these consulting pillars fit together for the best outcomes for our clients:



Segal consultants are skilled in understanding the interrelationships between each consulting pillar and working together across a wide range of consulting specialties to deliver this integrated consulting model. Each of our clients is at a different place in their development of cutting-edge health benefit programs and our approach offers wide flexibility in addressing issues at every level. Even when we are retained only for one aspect of the work, we continually think across all these major concerns to help provide our clients the most appropriate advice to ensure success.

We understand the value of leveraging client specific data as the engine that links together our work in all three major areas. At Segal, we believe that having a command of the data, knowing how to organize the data, and applying analytical tools to the data is one of our greatest strengths. While benchmarks provide a view of the current state, data offers a glimpse into the future necessary for developing state-of-the-art consulting solutions for the present and future.

Segal's Mission

It is our mission to be the most innovative benefits consultant in the industry, helping organizations of all types and sizes to achieve their goals through a customized combination of our value-added services, ideas and technology.

Vision Statement

- We are the leader in client satisfaction, professionalism, superior quality and innovation.
- We are the architect of responsive and creative solutions to our clients' benefit, compensation and human resources needs.
- Our experts combine technical excellence with superior understanding of client needs and environment in which our clients operate.
- We are committed to working partnerships with our clients that add value and consistently exceed expectations.

Statement of Values

- We deliver excellence, superior quality and value in everything we do.
- We recognize that our most important asset is our employees and encourage their professional growth.
- We are committed to operating as an independent consulting firm.
- We assume responsibility as a corporate citizen and support cultural and charitable causes and organizations.

Segal Philosophy

We draw upon the experiences of colleagues working in a wide variety of industries to bring best practices to our clients, adapting them as appropriate to suit the academic environment. Our size, decision-making process and independence enable us to tailor our approach to suit each institution's needs. Segal's consulting philosophy and overall approach is highlighted by our commitment to our clients. By forming a partnership with our clients, we serve as both advisors and advocates. In addition, our work is distinguished by the highest level of professional consulting services, customized solutions, leading edge consulting and cost efficiency through technology.

We seek to be innovative and to accommodate the special requirements of each client, rather than merely replicate an approach that worked in another situation. Therefore, we consider it critical for an actuarial consulting firm to have expert actuarial, legal, and financial capabilities that are both current and complete. Our firm invests heavily in research, education, and training so that our entire staff has the technical capabilities to serve our clients. We work to understand not only our clients' needs, but also their own capabilities. By knowing the internal capabilities, we seek opportunities to make our clients more self-sufficient.

Segal Public Sector Client List

Below, please see our firm-wide list of key previous and current public sector clients.

State Government and Statewide Retirement Systems

- Alabama Public Education Employees' Health Insurance Plan
- Alaska Retirement Management Board
- AlaskaCare Health Plan
- State of Delaware
- The District of Columbia
- Georgia Department of Community Health
- North Carolina State Health Plan
- State of Colorado
- State of Connecticut
- State of Hawaii
- Georgia Municipal Employees' Retirement System
- Illinois Municipal Retirement Fund
- Illinois State Universities Retirement Systems
- Illinois Teachers' Retirement System
- Missouri Local Employees Retirement System
- Ohio School Employees Retirement System
- Pennsylvania Public School Employees' Retirement System
- New Mexico Public Schools Insurance Authority
- New Mexico Educational Retirement Board
- New Mexico Retirees Association
- State of Kansas
- Florida Division of State Group Insurance
- State of New Hampshire
- State of Tennessee
- State of West Virginia
- State of Wyoming
- State of Minnesota
- State of South Dakota
- Texas Group Benefit Plan for State Employees
- State of Nebraska
- Illinois Central Management Services
- Arizona State Retirement Systems
- California State Teachers' Retirement System
- District of Columbia Retirement Board
- Minnesota State Retirement Systems
- Nevada Public Employees' Retirement System
- North Dakota Public Employees Retirement System
- North Dakota Teachers Fund for Retirement
- Michigan Office of Retirement Systems
- Rhode Island Employees' Retirement System
- Texas Municipal Retirement System
- University of California Retirement System
- Wisconsin Retirement System
- Wisconsin Employee Benefit Trust
- State of Maine
- State of Massachusetts

Texas Clients and Local Market Knowledge

Segal has been serving Texas clients for over 50 years. This will provide local market knowledge and expertise that may not be found with many of our competitors. Segal serves a number of public sector, corporate and jointly-trusted benefit plan clients in the State of Texas:

- Affiliated Computer Services, Inc. (ACS)
- American Basketball Association
- Aramco Services Company
- Baylor University
- Consolidated Nuclear Security, LLC
- Delfingen
- Gulf Chemical & Metallurgical Corp.
- H.C. Price Co.
- H.D. Vest Advisory Services, Inc.
- L-3 Aerospace Systems, Mission Integration Division
- L-3 Infrared Products
- LyondellBasell Industries
- Rice University
- Schlumberger Limited
- Stephen F. Austin State University
- Texas Health Resources Inc.
- Texas Instruments, Inc.
- Veolia Water North America Operating Services, Inc.
- WestStar Bank
- Allied Pilots Association
- Association of Professional Flight Attendants
- Brick Layers Gulf Coast Pension Fund
- Capital Metropolitan Transportation Authority Plan for Bargaining Unit Employees of Star Tran, Inc.
- Electrical Medical Trust
- Greater Texas IBEW-NECA Annuity Fund
- Greyhound ATU National Local 1700 Health & Welfare Trust
- Heat & Frost & Allied Workers No. 21 Pension Plan
- IBEW - NECA Southwestern Health & Benefit Fund
- IBEW Local 479 Retirement Fund
- IBEW Local Union No. 479 Pension Trust Fund
- IBEW Local Union No. 716 Pension Trust Fund
- International Brotherhood of Electrical Workers Local No.527 Pension Trust Fund
- International Brotherhood of Electrical Workers Local Union No. 527 Annuity /401(k) Trust Fund
- International Brotherhood of Electrical Workers Local Union No. 716 Retirement Savings Plan
- International Brotherhood of Electrical Workers Seventh District Retirement Fund
- Laborers National Pension Fund
- Pipefitters Local 195 Defined Contribution Fund
- Pipefitters Local 211 Welfare Trust Fund

- Pipefitters Local Union 211 Defined Contribution Retirement Plan
- Plumbers & Steamfitters Local 100 of Dallas Health & Welfare
- Plumbers & Steamfitters Local Union No.100 401(k) & Retirement Plan
- Plumbers and Pipefitters Local 142 Pension Fund
- Plumbers and Steamfitters Local No. 146 Pension Fund
- Plumbers Local 68 Pension Plan
- Plumbers Local No. 142 Welfare Fund
- Plumbers Local No. 68 Welfare Fund
- Plumbers Local Union No. 142 Annuity Fund
- Southwest Airlines Pilots' Association
- Southwest Health Benefits Fund
- Southwest Laborers Health and Welfare Fund
- Texas Iron Workers Defined Contribution Plan
- Texas Iron Workers Health Benefit Fund
- Texas Iron Workers Pension Fund
- The Energy and Minerals Group
- City of College Station
- City of Fort Worth, TX
- City of Houston
- City of Missouri City, TX
- City of Victoria
- City of Wylie, Texas
- Denton County Transportation Authority
- Fire and Police Pension Fund, San Antonio
- New Braunfels Utilities, TX
- Texas State University
- University of North Texas

Segal Waters Clients

Federal Government

Administrative Office of the
U.S. Courts
U.S. Office of Personnel
Management

State Governments

Government of the District of
Columbia
State of Alabama
State of Alaska
State of Arizona
State of Colorado
State of Georgia, Dept of Audits
& Accounts
State of Georgia, Merit System
State of Iowa
State of Maryland Dept of
Budget & Management
State of Maryland Dept of
Mental Health
State of Maryland Judiciary
State of Massachusetts Dept of
Transportation
State of Minnesota Judiciary
State of New Jersey Judiciary
State of Rhode Island
State of Washington

Counties

Albemarle County (VA)
Arlington County (VA)
Barry County (MI)
Boulder County (CO)
City/County of Denver (CO)
Coconino County (AZ)
Fairfax County (VA)
Forsyth County (GA)
Harris County Appraisal
District (TX)
Isabella County (MI)
Jackson County (TX)

Oakland County (MI)
Pinal County (AZ)
Prince George's County (MD)
Spotsylvania County (VA)
Waukesha County (WI)

Municipalities

City of Albuquerque (NM)
City of Alexandria (VA) – Dept. of
Mental Health
City of Asheville (NC)
City of Baltimore (MD)
City of Boston (MA)
City of Bowie (MD)
City of Bristol (CT)
City of Bryan (TX)
City of Cape Coral (FL)
City of Carlsbad (CA)
City of Carrollton (TX)
City of Chandler (AZ)
City of College Station (TX)
City of Fort Worth (TX)
City of Gaithersburg (MD)
City of Goleta (CA)
City of Greenville (NC)
City of Henderson (NV)
City of Houston (TX)
City of Knoxville (TN)
City of Las Vegas (NV)
City of Livermore (CA)
City of Manassas (VA)
City of Middletown (CT)
City of New Bedford (MA)
City of North Kansas City (MO)
City of Palo Alto (CA)
City of Phoenix (AZ)
City of Poway (CA)
City of Prescott (AZ)
City of Raleigh (NC)
City of Salem (VA)
City of San Diego (CA)

City of Solon (OH)
City of Surprise (AZ)
City of Wilmington (DE)
City of Wylie (TX)
Terrebonne Parish (LA)
Town of Buckeye (AZ)
Town of Ocean City (MD)

Public School Systems

ABC Unified School District
(CA)
Adams 12 Five Star School
District (CO)
Arlington Public Schools (VA)
Boulder Valley School District
(CO)
Denver Public Schools (CO)
East Baton Rouge Parish School
System
Fairfax County Public Schools
(VA)
Lafayette Parish School System
(LA)
Loudoun County Public Schools
(VA)
Prince George's County Public
Schools (MD)
Norfolk Public Schools (VA)
Spokane Public Schools (WA)
Springfield Public Schools (MA)

Public Sector Higher Education

Central Piedmont Community
College (NC)
Central New Mexico Community
College
Collin County Community
College District (TX)
Colorado Community College
System

Johnson County (TX)
 Kenosha County (WI)
 Laramie County (WY)
 Laramie County Library System (WY)
 Las Vegas – Clark County Library District (NV)
 Lexington County (SC)
 Los Alamos County (NM)
 Minnehaha County (SD)
 Mohave County (AZ)

Transportation Systems

Alaska Railroad Corporation
 Ben Franklin Transit (WA)
 Central Ohio Transit Authority
 C-TRAN (WA)
 Denver Regional Transit District (CO)
 Des Moines Area Regional Transit (IA)
 Golden Gate Bridge and Highway Transportation District (CA)
 Harris County Transportation Authority
 Hillsborough Area Regional Transit
 Jacksonville Transportation Authority
 Lehigh Northampton Airport Authority
 Maryland Transit Administration
 Massachusetts Bay Transportation Authority
 Massachusetts Department of Transportation
 City St. Louis (MO)
 Metropolitan Atlanta Rapid Transit Authority
 Metropolitan Nashville Airport Authority (TN)
 New Jersey Turnpike Authority
 Orange County Transportation

City of San Marcos (CA)
 City of San Marcos (TX)
 City of Santa Cruz (CA)
 City of Seattle (WA)
 City of Sedona (AZ)
 City of Sierra Vista (AZ)
 City of Sioux Falls (SD)

Other Public Authorities

Birmingham Water Works Board (AL)
 Castaic Lake Water Authority (CA)
 Central Arizona Project (AZ)
 City of Austin - Austin Energy (TX)
 Coachella Valley Water District (CA)
 Columbus Water Works (GA)
 Cuyahoga Library District (OH)
 Denver Water (CO)
 Des Moines Water Works (IA)
 District of Columbia Water & Sewer Authority
 Easton Utilities Commission (MD)
 Fairfax Water (VA)
 Greenville Utilities Commission (NC)
 Guadalupe-Blanco River Authority (TX)
 Loudoun Water (VA)
 Metropolitan District Commission (CT)
 Navajo Tribal Utility Authority (AZ)
 New Braunfels Utilities (TX)
 North Carolina Education Lottery (NC)
 Northern Virginia Regional Park Authority
 Orange County Utilities, (FL)
 Platte River Power Authority (CO)
 Prince William County Service

Community College of Philadelphia (PA)
 George Mason University (VA)
 Grand Rapids Community College (MI)
 James Madison University (VA)
 Morehead State University (KY)
 Mott Community College (MI)
 Northern Virginia Community College
 Northern Wyoming Community College
 Palomar College (CA)
 Parkland College (IL)
 Portland Community College (OR)
 Radford University (VA)
 Thomas Edison State College (NJ)
 University of the District of Columbia
 Virginia Community College System
 Virginia Tech (VA)
 Yavapai Community College (AZ)

Authority (CA)	Authority
Port Authority of Allegheny County (PA)	Raleigh Public Utilities District (NC)
Port of Houston Authority (TX)	Texas Municipal Power Authority
Raleigh-Durham Airport Authority (NC)	Toho Water Authority (FL)
San Francisco Bay Area Rapid Transit	Upper Occoquan Service Authority (VA)
Transit Management of Southeast Louisiana, Inc. (LA)	
Transit Management of Washoe County (NV)	
Valley City/RPTA (AZ)	
Virginia Railway Express (VA)	
Washington Metropolitan Area Transit Authority (DC)	

Tab 2 – City of Austin Purchasing Documents

Tab 2 – City of Austin Purchasing Documents

Complete and submit the following documents as part of the Proposal:

- a. Completed and signed Offer and Award Sheet*
- b. Signed Addendums (all pages)*
- c. Completed Section 0605: Local Business Presence Identification Form*

If you will be utilizing Subcontractors, include the Subcontractor's information on this form.

- d. Completed and signed Section 0640: HIPAA Business Associate Agreement*
- e. Completed and signed Section 0800 Non-Discrimination and Non-Retaliation Certification*
- f. Completed Section 0835 Non-Resident Bidder Provisions*
- g. Completed and signed Section 0900 Subcontracting/Sub/Consulting Utilization Form*
- h. Completed Section 0905: Subcontracting/Sub-Consulting Utilization Plan*

If you will be utilizing Subcontractors, you must contact the Small and Minority Business Resources Department (SMBR) at (512) 974-7600 to obtain a list of MBE and WBE firms available to perform the service and include the completed Section 0900, MBE/WBE No Goals Form with your Proposal packet. Include the Section 0900, MBE/WBE No Goals Form in Tab 2h of your Proposal along with all the required SMBR documentation and Good Faith Efforts.

Segal has provided all the required forms on the following pages.

Segal will not be utilizing subcontractors for this engagement.



CITY OF AUSTIN, TEXAS
Purchasing Office
REQUEST FOR PROPOSAL (RFP)
OFFER SHEET

SOLICITATION NO: RFP RWS0503

DATE ISSUED: May 1, 2017

COMMODITY/SERVICE DESCRIPTION: Actuarial Services and Employee Benefits Consulting

REQUISITION NO.: RQM 5800-17041200424

COMMODITY CODE: 94612

PRE-PROPOSAL CONFERENCE TIME AND DATE: May 11, 2017, 9:00 AM Central Time

LOCATION: 124 W. 8th Street, 3rd Floor, Austin, TX 78701

FOR CONTRACTUAL AND TECHNICAL ISSUES CONTACT THE FOLLOWING AUTHORIZED CONTACTS:

Primary Contact

Roger Stricklin

Contract Management Specialist IV

Phone: (512) 974-1727

E-Mail: Roger.Stricklin@austintexas.gov

Secondary Contact

Sandy Wirtanen

Procurement Specialist III

Phone: (512) 974-7711

E-Mail: Sandy.Wirtanen@austintexas.gov

PROPOSAL DUE PRIOR TO: May 25, 2017, 2:00 PM Central Time

PROPOSAL CLOSING TIME AND DATE: May 25 2017, 3:00 PM Central Time

LOCATION: MUNICIPAL BUILDING, 124 W 8th STREET
RM 308, AUSTIN, TEXAS 78701

LIVE SOLICITATION CLOSING ONLINE: For RFP's, only the names of respondents will be read aloud

For information on how to attend the Solicitation Closing online, please select this link:

<http://www.austintexas.gov/department/bid-opening-webinars>

When submitting a sealed Offer and/or Compliance Plan, use the proper address for the type of service desired, as shown below:

Address for US Mail (Only)	Address for FedEx, UPS, Hand Delivery or Courier
City of Austin	City of Austin, Municipal Building
Purchasing Office-Response Enclosed for Solicitation # RWS0503	Purchasing Office-Response Enclosed for Solicitation # RWS0503
P.O. Box 1088	124 W 8 th Street, Rm 308
Austin, Texas 78767-8845	Austin, Texas 78701
	Reception Phone: (512) 974-2500

NOTE: Offers must be received and time stamped in the Purchasing Office prior to the Due Date and Time. It is the responsibility of the Offeror to ensure that their Offer arrives at the receptionist's desk in the Purchasing Office prior to the time and date indicated. Arrival at the City's mailroom, mail terminal, or post office box will not constitute the Offer arriving on time. See Section 0200 for additional solicitation instructions.

All Offers (including Compliance Plans) that are not submitted in a sealed envelope or container will not be considered.

SUBMIT 1 ORIGINAL AND SIX (6) ELECTRONIC COPIES (FLASH DRIVES) OF YOUR RESPONSE

*****SIGNATURE FOR SUBMITTAL REQUIRED ON PAGE 3 OF THIS DOCUMENT*****

This solicitation is comprised of the following required sections. Please ensure to carefully read each section including those incorporated by reference. By signing this document, you are agreeing to all the items contained herein and will be bound to all terms.

SECTION NO.	TITLE	PAGES
0100	STANDARD PURCHASE DEFINITIONS	*
0200	STANDARD SOLICITATION INSTRUCTIONS	*
0300	STANDARD PURCHASE TERMS AND CONDITIONS	*
0400	SUPPLEMENTAL PURCHASE PROVISIONS	6
0500	SCOPE OF WORK	7
0600	PROPOSAL PREPARATION INSTRUCTIONS & EVALUATION FACTORS	6
0605	LOCAL BUSINESS PRESENCE IDENTIFICATION FORM – Complete and return	2
0610	BUSINESS ORGANIZATION INFORMATION – Complete and return	2
0615-1	PRICE PROPOSAL FORM – BENEFITS PROGRAMS – Complete and return	2
0615-2	PRICE PROPOSAL FORM – COMPENSATION PROGRAMS – Complete and return	1
0620-1	PERFORMANCE MEASURES - BENEFITS PROGRAMS – Complete and return	2
0620-2	PERFORMANCE MEASURES - COMPENSATION PROGRAMS – Complete and return	1
0630	EXCEPTIONS FORM – Complete and return	1
0640	HIPAA BUSINESS ASSOCIATE AGREEMENT – Complete and return	5
0800	NON-DISCRIMINATION AND NON-RETALIATION CERTIFICATION – Complete and return	2
0805	NON-SUSPENSION OR DEBARMENT CERTIFICATION	*
0810	NON-COLLUSION, NON-CONFLICT OF INTEREST, AND ANTI-LOBBYING CERTIFICATION	*
0835	NONRESIDENT BIDDER PROVISIONS – Complete and return	1
0900	SUBCONTRACTING/SUB-CONSULTING UTILIZATION FORM – Complete and return	1
0905	SUBCONTRACTING/SUB-CONSULTING UTILIZATION PLAN – Complete and return if applicable	3
ATT I	2017 EMPLOYEE BENEFITS GUIDE	60
ATT II	2017 BENEFITS ENROLLMENT GUIDE FOR RETIREES AND SURVIVING DEPENDENTS	36
ATT III	PLAN DESIGN CHANGE SUMMARY	1

*** Documents are hereby incorporated into this Solicitation by reference, with the same force and effect as if they were incorporated in full text. The full text versions of the * Sections are available on the Internet at the following online address:**

http://www.austintexas.gov/financeonline/vendor_connection/index.cfm#STANDARDBIDDOCUMENTS

If you do not have access to the Internet, you may obtain a copy of these Sections from the City of Austin Purchasing Office located in the Municipal Building, 124 West 8th Street, Room #308 Austin, Texas 78701; phone (512) 974-2500. Please have the Solicitation number available so that the staff can select the proper documents. These documents can be mailed, expressed mailed, or faxed to you.

INTERESTED PARTIES DISCLOSURE

In addition, Section 2252.908 of the Texas Government Code requires the successful offeror to complete a Form 1295 "Certificate of Interested Parties" that is signed and notarized for a contract award requiring council authorization. The "Certificate of Interested Parties" form must be completed on the Texas Ethics Commission website, printed, signed and submitted to the City by the authorized agent of the Business Entity with acknowledgment that disclosure is made under oath and under penalty of perjury prior to final contract execution.

https://www.ethics.state.tx.us/whatsnew/elf_info_form1295.htm

The undersigned, by his/her signature, represents that he/she is submitting a binding offer and is authorized to bind the respondent to fully comply with the solicitation document contained herein. The Respondent, by submitting and signing below, acknowledges that he/she has received and read the entire document packet sections defined above including all documents incorporated by reference, and agrees to be bound by the terms therein.

Company Name: Segal Company (Southeast), Inc.

Company Address: 2018 Powers Ferry Road, Suite 850

City, State, Zip: Atlanta, Georgia 30339-7200

Federal Tax ID No. _____

Printed Name of Officer or Authorized Representative: Kenneth C. Vieira

Title: Senior Vice President

Signature of Officer or Authorized Representative: 

Date: 05/23/2017

Email Address: sbearden@segalco.com

Phone Number: 678-306-3154

*** Proposal response must be submitted with this Offer sheet to be considered for award**



**ADDENDUM
REQUEST FOR PROPOSAL
CITY OF AUSTIN, TEXAS**

RFP: RWS0503

Addendum No: 1

Date of Addendum: May 19, 2017

This addendum incorporates the following changes, questions and answers to the above-referenced RFP.

I. Section 0615 Price Proposal Forms:

1. Replace Section 0615-1 Price Proposal Form – Benefit Programs and Section 0615-2 Price Proposal Form – Compensation Programs with the revised Price Proposal Forms attached to this Addendum.

II. Section 0500 Scope of Work:

1. Section 0500, Paragraph 3.2.3 GASB Compliance - Other Postemployment Benefits is revised to read as follows: "The Contractor shall provide GASB valuation for GASB Statements 45 and 75, as applicable, ~~up to twice as frequently as~~ annually as required by City. Additionally, the Contractor shall furnish compliance assistance and a discussion of pre-funding options. Currently, the City Retiree medical programs are not pre-funded."
2. Replace Section 0500, Paragraph 3.2.12 Other Services with the following: "Throughout the Contract term, City management may request the expertise of the Contractor for additional projects beyond the specific individual projects outlined herein. Please note that plan design changes are not included in Other Services."

III. Offer Sheet and Section 0600 Proposal Preparation Instructions and Evaluation Factors:

1. Revise page 1 of the Offer Sheet to read, "**SUBMIT 1 ORIGINAL AND ~~SIX (6)~~ SEVEN (7) ELECTRONIC COPIES (FLASH DRIVES) OF YOUR RESPONSE.**"
2. Revise Section 0600, section 1, Proposal Format to read, "Proposers shall submit one original paper copy and ~~six~~ seven electronic copies of the Proposal in PDF format on ~~six~~ seven separate flash drives."

IV. Questions and Answers:

1. (Q) Prior Actuary's Report: For GASB 45/75, can we obtain a copy of the last full valuation report and the last interim (roll forward report)?
(A) This data should be requested through a Public Information Request. Pursuant to section 552.301(c) of the Government Code, the City of Austin has designated certain addresses to receive requests for public information sent by electronic

mail. For requests seeking records held by the Austin Police Department, the address is: management.records@austintexas.gov. For requests seeking records held by any other City department, the address is: public.information@austintexas.gov. Your request will not be considered received unless it is sent to the proper address.

2. (Q) Historical Fees: For GASB 45/75, can we obtain a summary of fees for the last full valuation report and the last interim (roll forward report)?
(A) This data should be requested through a Public Information Request. Pursuant to section 552.301(c) of the Government Code, the City of Austin has designated certain addresses to receive requests for public information sent by electronic mail. For requests seeking records held by the Austin Police Department, the address is: management.records@austintexas.gov. For requests seeking records held by any other City department, the address is: public.information@austintexas.gov. Your request will not be considered received unless it is sent to the proper address.
3. (Q) Special/Additional Requirements from Prior Report: Is there anything in the existing valuation report (analysis) that was excluded that the City would like added to the report? For example, special reporting by division/bargaining groups, etc.
(A) The data provided by the City will include department number and employee classification by sworn and non-sworn. The report currently produced is broken out in this manner.
4. (Q) Incumbent Actuary: Does the City have any concerns with the existing actuarial work (GASB 45) by the incumbent (prior) actuary?
(A) No, the City does not have any concerns with the existing actuarial work (GASB 45) by the incumbent actuary.
5. (Q) Can you please let me know if you currently receive actuarial services from a consulting firm, how long you have engaged this actuary, actuarial fees and why this RFP is being put out at this time?
(A) The City currently receives actuarial services under contract with Towers Watson. The contract term began January 1, 2012 and will end December 31, 2017.

Regarding actuarial fees, this data should be requested through a Public Information Request. Pursuant to section 552.301(c) of the Government Code, the City of Austin has designated certain addresses to receive requests for public information sent by electronic mail. For requests seeking records held by the Austin Police Department, the address is: management.records@austintexas.gov. For requests seeking records held by any other City department, the address is: public.information@austintexas.gov. Your request will not be considered received unless it is sent to the proper address.

The RFP is being issued at this time because the current contract expires December 31, 2017 with no remaining extension options, requiring the City to release a new competitive solicitation.

6. (Q) Fiscal Year Rates and Expenditures (Section 0500 Paragraph 3.2.1) – please confirm whether the three plans should be rated separately or combined (and allocated based on plan values).
(A) Yes, the Annual Rates and Fiscal Year expenditures should be separated by medical plan type (PPO, HMO and CDHP) and by participant status (active,

Medicare-eligible retirees and non-Medicare-eligible retirees). In the past the City has looked at all plans for Medicare-eligible retirees and all plans for non-Medicare-eligible retirees.

7. (Q) Plan design pricing (Section 0500 Paragraph 3.2.2) – please specify when the first iteration will be provided and how many monthly updates will follow.
(A) The first iteration is to be provided prior to the end of January using December claims information, and monthly through April.
8. (Q) Annual report (Section 0500 Paragraph 3.2.5) – please provide the length of the current report and confirm how many break-outs of annual experience should be provided (ie, PPO, HMO, CDHP, active, pre-65 and post-65 retiree). Should the analysis include utilization statistics and cost per occurrence for each sub-group?
(A) The current report is 88 pages, with 10 sections. It is broken out by all plans, and by active, Medicare-eligible retirees, and non-Medicare-eligible retirees, and includes medical, pharmacy and employee self-insured dental plan experience.
9. (Q) Claims audits (Section 0500 Paragraph 3.2.7) – please provide desired sample size for each audit. For Pharmacy, please indicate whether audit should include review of adherence to plan provisions, contract terms (ie, discounts, rebates, etc.) or both.
(A) The sample size should be sufficient for statistical validity. For Pharmacy, the audit should include both review of adherence to plan provisions and contract terms (i.e., discounts, rebates, etc.)
10. (Q) Contractor Proposal Development (Section 0500 Paragraph 3.2.8) – how many vendors will be evaluated for each RFP process? How many finalists will be selected?
(A) All responsive proposals received for each RFP process will be evaluated. One finalist will be selected for each RFP process.
11. (Q) Retiree Medical Plan Options (Section 0500 Paragraph 3.2.9) – please clarify whether the consulting firm that assists with strategy and vendor selection for Retiree Medical Plan Options may eventually submit a proposal for the solution?
(A) The Contractor that assists with strategy and vendor selections for Retiree Medical Plan Options cannot submit a proposal for that solution.
12. (Q) Compliance/RDS attestation (Scope of Work Paragraph 3.2.10) – Specify how many plans should be tested.
(A) All three plans should be tested – PPO, HMO and CDHP.
13. (Q) Other Services (Section 0500 Paragraph 3.2.12) – Please specify how many hours should be assumed for this section.
(A) Proposers should assume an average of 40 hours per contract year for Other Services.
14. (Q) Confirm whether the City wishes to have periodic (monthly, biweekly, etc.) plan management calls.
(A) The City wishes to have biweekly plan management calls between December and May for the Benefits Programs, and monthly calls for the Compensation Programs.

15. (Q) Confirm what, if any, services should be provided around Excise Tax projection, ACA MV and Affordability presentations to Council.
(A) If these services are required, they would be relatively minimal and would be included as Other Services.
16. (Q) Please specify how many meetings are anticipated with Council, vendors or other groups.
(A) It is anticipated that the Contractor will meet with City management at least once per project, in addition to any required conference calls.
17. (Q) For the forms listed in Section 0600 to be included in Tab 2, how should firms handle any comments or exceptions from legal. For example, if changes to the BAA are required, may we submit a red-lined version rather than a signed copy?
(A) Any exceptions taken to any section or provision of the RFP shall be documented using Section 0630 – Exceptions Form. Use that form to identify the RFP section where the exception is located, specify the page number, section number and description, enter the proposed replacement language and show your justification for taking the exception. Proposers shall use Section 0630 for all exceptions rather than red-lining provisions or sections of the RFP.

If exceptions are taken to the Section 0640 BAA note those exceptions in Section 0630 and return the unsigned BAA in your proposal response.
18. (Q) For the license status updates mentioned in Section 0600 to be included in Tab 3, please clarify what licenses should be included. Do these include licenses for the firm or for individual consultants?
(A) Proposers shall provide with their Proposal any license relevant to the Scope of Work. Those licenses shall include both licenses for the firm and for the individual employees that will be assigned to work under the Contract, as applicable.
19. (Q) The Section 0500 Scope of Work, Paragraph 3.3, mentions a total of 974 City Job Classifications. Will all of these Job Classifications be used as benchmarks in the reports and studies required in Paragraph 3.3? Or will only specific job groups or families be covered under the reports and studies?
(A) The percentage of Job Classifications included in benchmarking will vary by job family. Some job families will have 50% of their classifications benchmarked; 30% of the full classification schedule for citywide (non-civil service, non-executive: ~350) will be benchmarked; all executive job classifications will be benchmarked.
20. (Q) Per Section 0500 Scope of Work, Paragraph 3.2.3, has the City conducted an evaluation of the impact of GASB 75 compliance? When will the next evaluation be done? Will it be within the next 6-12 months?
(A) The City has not previously conducted an evaluation. The start date for the City's GASB 75 compliance review is October 1, 2017.
21. (Q) Does Total Compensation as mentioned in Section 0500 Scope of Work, Paragraph 3.3.1 include base pay plus incentives?
(A) The Total Compensation report should include market data on total cash rewards (base plus bonus/incentives as applicable).
22. (Q) Are only specific benefits to be included in the Total Compensation study (for instance, dental, medical, paid leave)?

- (A) The study should include benchmark data on the value and variety of benefits, to include healthcare, retirement, vacation/leave policies, and wellness initiatives.
23. (Q) Who will be on the proposal evaluation committee?
(A) There will be several employees of the City's Human Resources Department on the evaluation committee, representing the areas of expertise needed to review and score the proposals.
24. (Q) Are there any specific requests for proposal or new contracts that will be coming up early in the contract term?
(A) Yes, an RFP for medical and pharmacy benefits is anticipated to be issued in early 2018.
25. (Q) Will the City be open to using alternate methodologies for evaluating provider contracts? Would the City consider provider pricing solutions such as Medicare Plus Pricing?
(A) Yes. During development of the medical and pharmacy benefits RFP as well as during the proposal process, the City will welcome the Contractor's recommendations on such methodologies.
26. (Q) When does the City anticipate convening with proposers for any follow-up meetings (as part of the proposal evaluation process)?
(A) The City anticipates that these meetings will occur in mid-to-late June if they are required.

V. Attached is the sign-in sheet from the Pre-Proposal Meeting on May 11, 2017 at 9:00 AM.

VI. **ALL OTHER TERMS AND CONDITIONS REMAIN THE SAME.**

APPROVED BY:



Roger Stricklin, Contract Management Specialist IV
Purchasing Office

05/19/2017
Date

ACKNOWLEDGED BY:

Segal Company (Southeast), Inc.

Vendor Name


Authorized Signature

5/23/2017

Date

RETURN ONE COPY OF THIS ADDENDUM TO THE PURCHASING OFFICE, CITY OF AUSTIN, WITH YOUR RESPONSE OR PRIOR TO THE SOLICITATION CLOSING DATE. FAILURE TO DO SO MAY CONSTITUTE GROUNDS FOR REJECTION.



**ADDENDUM
REQUEST FOR PROPOSAL
CITY OF AUSTIN, TEXAS**

RFP: RWS0503

Addendum No: 2

Date of Addendum: May 22, 2017

This addendum incorporates the following changes, questions and answers to the above-referenced RFP.

I. Section 0615 Price Proposal Forms:

1. Replace Section 0615-1 Price Proposal Form – Benefit Programs and Section 0615-2 Price Proposal Form – Compensation Programs with the revised Price Proposal Forms attached to this Addendum (updated to correct paragraph number references to Section 0500 Scope of Work).

II. Questions and Answers:

1. (Q) Is there a percentage requirement for responders to use MWBEs? Will the City accept good faith efforts if there is a requirement to use a MWBE as a subcontractor?
(A) As noted in Section 0900 of the RFP, there is not a percentage requirement for Proposers to use MBE/WBE firms as subcontractors. However, if subcontractors will be used, Proposers shall enter that information in Section 0605 Local Business Presence Identification, Section 0900 Subcontracting/Sub-Consulting ("Subcontractor") Utilization Form and Section 0905 Subcontracting/Sub-Consulting ("Subcontractor") Utilization Plan and return those sections as part of their proposal response.
2. (Q) Are there any issues with the City's current broker/consultant?
(A) Please see the response to Question 4 of Addendum 1 to this RFP.
3. (Q) What is the goal of this RFP – e.g., to satisfy a requirement that services be bid at certain intervals, to gain more robust consulting/strategic services, better service, a fresh perspective, etc.?
(A) Please see the response to Question 5 of Addendum 1 to this RFP.
4. (Q) How is the current broker/consultant compensated – e.g., hourly fees, flat-dollar annual retainer plus hourly fees for special projects, commissions, other, combination, etc.?
(A) Please use the following link to view the contract file, including compensation information:
https://www.austintexas.gov/financeonline/contract_catalog/index.cfm

Enter the Master Agreement number of the current contract, NA120000030, in the Search Contract Catalog field. On the next page, click on the magnifying glass icon under Search Results, then click on "View Contract."

5. (Q) What was the sum of all broker/consultant compensation – all sources (fees, commissions, retainer, etc.) – for the period January-December 2016?
 (A) Please use the link and directions in the answer to Question 4 above. Rather than clicking on "View Contract," click on "View Order List." This history of purchase orders issued against the current contract can be downloaded to Excel and sorted to obtain the information requested in this question.
6. (Q) The Scope of Services mentions assistance with the preparation of RFPs. Please complete the grid, indicating when each benefit is next scheduled to be marketed.

	Market 2018 (Effective 1/1/19)	Market 2019 (Effective 1/1/20)	Other (Indicate Effective date)
Medical	X		
Rx	X		
FSA			
EAP			
Wellness			
Dental			
Vision			
Life			
Disability			
Def			
Compensation			
Supplemental Benefits			

- (A) Please see the above grid for the City's response. Please note that the only RFP assistance needed will be for the medical and pharmacy contracts – not any other contracts.

III. ALL OTHER TERMS AND CONDITIONS REMAIN THE SAME.

APPROVED BY:


 Roger Sticklin, Contract Management Specialist IV
 Purchasing Office

05/22/2017
 Date

ACKNOWLEDGED BY:

Segal Company (Southeast), Inc.

Vendor Name


 Authorized Signature

5/23/2017
 Date

RETURN ONE COPY OF THIS ADDENDUM TO THE PURCHASING OFFICE, CITY OF AUSTIN,
WITH YOUR RESPONSE OR PRIOR TO THE SOLICITATION CLOSING DATE. FAILURE TO DO
SO MAY CONSTITUTE GROUNDS FOR REJECTION.



**ADDENDUM
REQUEST FOR PROPOSAL
CITY OF AUSTIN, TEXAS**

RFP: RWS0503

Addendum No: 3

Date of Addendum: May 23, 2017

This addendum incorporates the following question and answer to the above-referenced RFP.

I. Questions and Answers:

1. (Q) Section 0500 Scope of Work 3.3.1 addresses the Total Compensation Report, 3.3.3 addresses the Market Study. It appears that the Market Study requirements are embedded within the Total Compensation Report requirements (i.e. the Market Study is a necessary component of the Total Compensation Report). Could you please clarify how these two requirements are distinct and how they are to be separated in the proposal?
- (A) The Total Compensation Report looks at the cash compensation plan as a whole, and the value of the benefits package, and compares the total compensation package to the City's peers. The Market Study is focused on cash compensation and on individual classifications or job families.

The purpose of the Total Compensation Report is to guide policy regarding competitiveness; the purpose of the Market Study is to guide decisions on market-based adjustments to individual classifications.

II. ALL OTHER TERMS AND CONDITIONS REMAIN THE SAME.

APPROVED BY:


Roger Stricklin, Contract Management Specialist IV
Purchasing Office

05/23/2017
Date

ACKNOWLEDGED BY:

Segal Company (Southeast), Inc.
Vendor Name


Authorized Signature

5/23/2017
Date

RETURN ONE COPY OF THIS ADDENDUM TO THE PURCHASING OFFICE, CITY OF AUSTIN, WITH YOUR RESPONSE OR PRIOR TO THE SOLICITATION CLOSING DATE. FAILURE TO DO SO MAY CONSTITUTE GROUNDS FOR REJECTION.

HIPAA BUSINESS ASSOCIATE AGREEMENT

This Agreement is made and entered into between the City of Austin ("City") and the person or entity identified in the signature block below (the "Business Associate"), and is made with reference to the following facts:

- i. The Program is subject to the privacy and other requirements of the Health Insurance Portability and Accountability Act of 1996 ("HIPAA");
- ii. Under the HIPAA Rules (defined below), the City is required to enter into a written agreement with the Business Associate under the terms and conditions provided below; and
- iii. The parties wish to enter into this Agreement in order to comply with the HIPAA Rules (defined below), and to safeguard Protected Health Information (defined below) appropriately.

Therefore, in consideration of their mutual undertakings set out in this Agreement, and for other good and valuable consideration, the parties agree to the following:

1. **Definitions.** As used in this Agreement:

- A. **"HIPAA Rules"** and/or "HIPAA" shall mean the Privacy, Security, Breach Notification, and Enforcement Rules implementing HIPAA and set out at 45 CFR Part 160 and Part 164.
- B. **"Individually Identifiable Health Information"** shall mean information collected from an individual, including demographic information, that:
 - i. Is created or received by the City and provided to the Business Associate; and
 - ii. Relates to: (a) the past, present, or future physical or mental health or condition of an individual; (b) the provision of healthcare to an individual; or (c) the past, present, or future payment for the provision of healthcare to an individual; and
 - iii. Which identifies the individual, or with respect to which there is a reasonable basis to believe the information can be used to identify the individual.
- C. **"Protected Health Information"** shall mean Individually Identifiable Health Information that is: (i) transmitted by electronic media; (ii) maintained in any medium constituting electronic media; or (iii) transmitted or maintained in any other form or medium.
- D. **"Agent"** and **"Subcontractor"** shall mean a third party who is not an employee in the workforce of the Business Associate and who receives Protected Health Information from the Business Associate for purposes of carrying out any part of the Business Associate's responsibilities under its services agreement with the City.
- E. **"Business Associate"** shall have the same meaning as the term "business associate" set out at 45 CFR Part 160.103, and in reference to the party to this agreement, shall be the party designated as a Business Associate.

2. **Permitted Uses and Disclosures of Protected Health Information by Business Associate.**

- A. The Business Associate may use or disclose Protected Health Information for the following purposes only: (i) to receive and process claims for payment for eligible Program participants; (ii) to maintain claims history and patient profiles; (iii) to maintain current eligibility data on Program participants; and (iv) for the management and administration of its internal business processes that relate to its legal responsibilities and its responsibilities under the services contract between the City and the Business Associate.
- B. The Business Associate may use or disclose Protected Health Information as required by law.

HIPAA BUSINESS ASSOCIATE AGREEMENT

- C. The Business Associate shall make its internal practices, books and records, including policies and procedures, relating to the use and disclosures of Protected Health Information available to the Secretary of the United States Department of Health and Human Services for purposes of determining compliance with HIPAA.
- D. Within ten (10) calendar days of receipt of a request by the City, the Business Associate shall permit any individual whose Protected Health Information is maintained by the Business Associate to have access to and to copy his or her Protected Health Information, in the format requested, unless it is not readily producible in such format, in which case it shall be produced in hard copy format. In the event any individual requests access to Protected Health Information held by the Business Associate directly from the Business Associate, the Business Associate shall, within two (2) days forward such request to the City.

3. Prohibitions on Use and Disclosure of Protected Health Information by Business Associate.

- A. The Business Associate will not use or further disclose Personal Health Information except as permitted or required by this Agreement, or as required by law.
- B. The Business Associate shall not sell Protected Health Information, including patient or enrollee lists, nor use any Protected Health Information to engage in "marketing," as that term is defined in 45 CFR Part 164.501
- C. The Business Associate shall not disclose Personal Health Information to any member of its workforce unless the Business Associate has advised such person of the Business Associate's obligations under this Agreement and of the consequences for such person and for the Business Associate of violating them.
- D. The Business Associate shall not disclose Personal Health Information to any Agent, Subcontractor or other third party unless disclosure is required by law, or unless expressly approved in advance by the City in writing. Any such disclosure shall be made in accordance with 45 CFR Parts 164.502 and 164.308, and only upon the written agreement of the Agent, Subcontractor or other third party which shall include, at a minimum:
 - i. The agreement of such Agent, Subcontractor or other third party that creates, receives, maintains, or transmits protected health information on behalf of the Business Associate agree to be bound to the same restrictions, conditions and requirements that apply to Business Associate with respect to such information;
 - ii. Reasonable assurances from such Agent, Subcontractor or other third party that Personal Health Information will be held confidential as provided in this Agreement, and only disclosed as required by law or for the purposes for which it was disclosed to such Agent, Subcontractor or other third party; and
 - iii. An agreement from such Agent, Subcontractor or other third party to immediately notify the Business Associate of any breaches of the confidentiality of Personal Health Information, to the extent it has obtained knowledge of such breach.

4. Safeguards for Protected Health Information.

- A. The Business Associate shall implement appropriate safeguards to prevent use or disclosure of Personal Health Information other than as permitted by this Agreement. The Business Associate shall provide the City with information concerning such safeguards as the City may from time to time request. Upon reasonable request, the Business Associate shall give the City access for inspection and copying to the Business Associate's facilities used for the maintenance and processing of Personal Health Information, and to its books, records, practices, policies, and procedures concerning the use and disclosure of Personal Health Information.

HIPAA BUSINESS ASSOCIATE AGREEMENT

- B. The Business Associate and any Agent or Subcontractor shall comply with the minimum necessary requirements set forth in the HIPAA Rules when using or disclosing Personal Health Information. The Business Associate also agrees to mitigate, to the extent possible, any harmful effects of an improper use or disclosure of Personal Health Information by the Business Associate in violation of the requirements of this Agreement. The Business Associate shall make its internal practices, books, records, including policies and procedures, related to the use and disclosures of protected health information available to the Secretary of the United States Department of Health and Human Services, for purposes of determining compliance with HIPAA.
- C. The Business Associate shall maintain a record of all Personal Health Information disclosures made other than for the permitted purposes of this Agreement, including the date of disclosure, the name and, if known, the address of the recipient of the Personal Health Information, a brief description of the Personal Health Information disclosed, and the purposes of the disclosures.
- D. The Business Associate shall comply with all written directions from the City concerning:
 - i. any special limitations on the use or disclosure of Protected Health Information beyond the requirements of the HIPAA Rules;
 - ii. any changes in, or revocation of, the permission by an individual to use or disclose his or her Protected Health Information that may affect the Business Associate's use or disclosure of such information; and
 - iii. any restriction on the use or disclosure of Protected Health Information that the City has agreed to that may affect the Business Associate's use or disclosure of such information.
- E. Within ten (10) calendar days of notice by the City to the Business Associate that the City has received a request for an accounting of disclosures of Personal Health Information regarding an individual, the Business Associate shall make available to the City such information as is in the Business Associate's possession and is required for the City to make the accounting.
- F. Within five (5) business days of becoming aware of a use or disclosure of Personal Health Information in violation of this Agreement by the Business Associate, Agent or Subcontractor, the Business Associate shall report such disclosure or use in writing to the City and describe the remedial action taken or proposed to be taken with respect to such use or disclosure.
- G. The Business Associate shall make any amendment(s) to Protected Health Information in a designated record set as directed or agreed to by the City pursuant to 45 CFR Part 164.526, or take other measures as necessary to satisfy the City's obligations under 45 CFR Part 164.526.
- H. The Business Associate acknowledges that the additional requirements of the HITECH Act (Health Information Technology for Economic and Clinic Health Act enacted as part of the American Recovery and Reinvestment Act of 2009) and the Final Rule (also known as the Omnibus Rule) issued by the U.S. Department of Health and Human Services on January 25, 2013 are applicable to the Business Associate. The Business Associate further acknowledges restrictions on the sales and marketing of protected health information without the explicit authorization of the individual.
- I. To the extent the Business Associate is to carry out one of more of the City's obligations under Subpart E of 45 C.F.R. Part 164, the Business Associate will comply with the requirements of Subpart E that apply to the City in the performance of such obligations.
- J. The Business Associate may not use or disclose protected health information in a manner that would violate Subpart E of 45 C.F.R. Part 164 if done by the City except for the specific uses and disclosures set forth below:

HIPAA BUSINESS ASSOCIATE AGREEMENT

- i. The Business Associate may disclose protected health information for the proper management and administration of the Business Associate or to carry out the legal responsibilities of the Business Associate, provided the disclosures are required by law, or the Business Associate obtains reasonable assurances from the person to whom the information is disclosed that the information remains confidential and used or further disclosed only as required by law or for the purposes for which it was disclosed to the person, and the person notifies the Business Associate of any instances in which it is aware in which the confidentiality of the information has been breached.
- ii. The Business Associate may provide data aggregation services related to the health care operations of the City.

5. Term of this Agreement; Termination; Procedures upon Termination.

- A. This Agreement shall become effective upon execution by the parties, and shall be effective as of the date of the last party to sign.
- B. The term of this Agreement shall expire with the close of business the contract expiration date. Provided, that either party may terminate this Agreement on any basis at any time prior to the expiration of the term upon written notice to the other party.
- C. Except as provided in paragraph D, below, upon termination of this Agreement, the Business Associate shall return or destroy all Personal Health Information received from the City, or created or received by the Business Associate on behalf of the City. This provision shall also apply to Personal Health Information that is in the possession of Agents or Subcontractors of the Business Associate. The Business Associate shall retain no copies of the Personal Health Information.
- D. In the event that the Business Associate determines that returning or destroying the Personal Health Information is not feasible, the Business Associate shall provide to the City written notification of the conditions that make return or destruction infeasible. Upon agreement by the City that return or destruction of Personal Health Information is not feasible, the Business Associate shall extend the protections of this Agreement to such Personal Health Information and limit further uses and disclosures of such Personal Health Information to those purposes that make the return or destruction infeasible, for so long as the Business Associate maintains the Personal Health Information. The Business Associate shall continue to use appropriate safeguards and comply with Subpart C of 45 C.F.R. Part 164 with respect to electronic protected health information to prevent use or disclosure of the protected health information, other than as provided for in this Section, for as long as Business Associate retains the protected health information.
- E. The Business Associate shall not use or disclosure the protected health information retained by the Business Associate other than for the purposes for which the protected health information was retained and subject to the same conditions set out in this Agreement which applied prior to Termination.
- F. Survival. The obligations of the Business Associate under this Section shall survive the termination of this Agreement.

6. Other Provisions.

- A. **Indemnification.** The Business Associate shall indemnify and hold harmless the City from and against any and all costs, liabilities, losses, damages and expenses (including, but not limited to, reasonable attorneys' fees) resulting from any claim, lawsuit or proceeding brought by a third party against the City and arising from or related to a breach or alleged breach by the Business Associate or the Business Associate's Agents or Subcontractors of the obligations referenced herein. The Business Associate's obligation to indemnify shall survive the expiration or termination of the Contract.

HIPAA BUSINESS ASSOCIATE AGREEMENT

- B. **Remedies for Breach.** Without limiting the rights of the parties under paragraph 5, should the Business Associate breach any of its obligations under this Agreement, the City may at its option: (i) exercise its rights of access and inspection under paragraph 2, above; and/or (ii) report the breach to the Secretary of the United States Department of Health and Human Services.
- C. **Notices.** Any notice by a party required or provided for under this Agreement shall be effective upon delivery via regular or electronic mail to the other party at the following address:

To the City:	To the Business Associate:
Name:	Name: Kenneth C. Vieira
Phone:	Phone: 678-306-3154
Fax:	Fax: 678-669-1887
Email:	Email: kvieira@segalco.com

- D. **Amendments.** Upon the enactment of any law or regulation affecting the use or disclosure of protected health information, or the publication of any decision of a court of the United State or State of Texas relating to any such law, or the publication of any interpretive policy or opinion of any governmental agency charged with the enforcement of any such law or regulation, the City may, by written notice to the Business Associate, amend this Agreement in such a manner as the City determines necessary to comply with such law or regulation. Notwithstanding the foregoing, if the City and Business Associate have not amended this Agreement to address a law or final regulation that becomes effective after the effective date of this Agreement and that is applicable to this Agreement, then upon the effective date of such law or regulation (or any portion thereof) this Agreement shall be amended automatically and deemed to incorporate such new or revised provisions as are necessary for this Agreement to be consistent with such law or regulation for the City and the Business Associate to be and remain in compliance with all applicable laws and regulations.
- E. **Construction of Terms.** A reference in this Agreement to a section in the HIPAA Rules means the section in effect or as amended at the time. Any ambiguity in this Agreement shall be interpreted to permit compliance with the HIPAA Rules.

Agreed to by the parties through the signatures of their authorized representatives below:

THE CITY OF AUSTIN, TEXAS

By: _____

[Signature]

Name: _____

Title: _____

Date: _____

THE BUSINESS ASSOCIATE:

By:  _____

[Signature]

Name: Kenneth C. Vieira

Title: Senior Vice President

Organization Name: Segal Company (Southeast), Inc.

Date: 5/23/2017

City of Austin, Texas
Section 0800
NON-DISCRIMINATION AND NON-RETALIATION CERTIFICATION

City of Austin, Texas
Equal Employment/Fair Housing Office

To: City of Austin, Texas,

I hereby certify that our firm complies with the Code of the City of Austin, Section 5-4-2 as reiterated below, and agrees:

- (1) Not to engage in any discriminatory employment practice defined in this chapter.
- (2) To take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without discrimination being practiced against them as defined in this chapter, including affirmative action relative to employment, promotion, demotion or transfer, recruitment or recruitment advertising, layoff or termination, rate of pay or other forms of compensation, and selection for training or any other terms, conditions or privileges of employment.
- (3) To post in conspicuous places, available to employees and applicants for employment, notices to be provided by the Equal Employment/Fair Housing Office setting forth the provisions of this chapter.
- (4) To state in all solicitations or advertisements for employees placed by or on behalf of the Contractor, that all qualified applicants will receive consideration for employment without regard to race, creed, color, religion, national origin, sexual orientation, gender identity, disability, sex or age.
- (5) To obtain a written statement from any labor union or labor organization furnishing labor or service to Contractors in which said union or organization has agreed not to engage in any discriminatory employment practices as defined in this chapter and to take affirmative action to implement policies and provisions of this chapter.
- (6) To cooperate fully with City and the Equal Employment/Fair Housing Office in connection with any investigation or conciliation effort of the Equal Employment/Fair Housing Office to ensure that the purpose of the provisions against discriminatory employment practices are being carried out.
- (7) To require of all subcontractors having 15 or more employees who hold any subcontract providing for the expenditure of \$2,000 or more in connection with any contract with the City subject to the terms of this chapter that they do not engage in any discriminatory employment practice as defined in this chapter

For the purposes of this Offer and any resulting Contract, Contractor adopts the provisions of the City's Minimum Standard Non-Discrimination and Non-Retaliation Policy set forth below.

City of Austin
Minimum Standard Non-Discrimination and Non-Retaliation in Employment Policy

As an Equal Employment Opportunity (EEO) employer, the Contractor will conduct its personnel activities in accordance with established federal, state and local EEO laws and regulations.

The Contractor will not discriminate against any applicant or employee based on race, creed, color, national origin, sex, age, religion, veteran status, gender identity, disability, or sexual orientation. This policy covers all aspects of employment, including hiring, placement, upgrading, transfer, demotion, recruitment, recruitment advertising, selection for training and apprenticeship, rates of pay or other forms of compensation, and layoff or termination.

The Contractor agrees to prohibit retaliation, discharge or otherwise discrimination against any employee or applicant for employment who has inquired about, discussed or disclosed their compensation.

Further, employees who experience discrimination, sexual harassment, or another form of harassment should immediately report it to their supervisor. If this is not a suitable avenue for addressing their complaint, employees are advised to contact another member of management or their human resources representative. No employee shall be discriminated against, harassed, intimidated, nor suffer any reprisal as a result of reporting a violation of this policy. Furthermore, any employee, supervisor, or manager who becomes aware of any such discrimination or harassment should immediately report it to executive management or the human resources office to ensure that such conduct does

not continue.

Contractor agrees that to the extent of any inconsistency, omission, or conflict with its current non-discrimination and non-retaliation employment policy, the Contractor has expressly adopted the provisions of the City's Minimum Non-Discrimination Policy contained in Section 5-4-2 of the City Code and set forth above, as the Contractor's Non-Discrimination Policy or as an amendment to such Policy and such provisions are intended to not only supplement the Contractor's policy, but will also supersede the Contractor's policy to the extent of any conflict.

UPON CONTRACT AWARD, THE CONTRACTOR SHALL PROVIDE THE CITY A COPY OF THE CONTRACTOR'S NON-DISCRIMINATION AND NON-RETALIATION POLICIES ON COMPANY LETTERHEAD, WHICH CONFORMS IN FORM, SCOPE, AND CONTENT TO THE CITY'S MINIMUM NON-DISCRIMINATION AND NON-RETALIATION POLICIES, AS SET FORTH HEREIN, OR THIS NON-DISCRIMINATION AND NON-RETALIATION POLICY, WHICH HAS BEEN ADOPTED BY THE CONTRACTOR FOR ALL PURPOSES WILL BE CONSIDERED THE CONTRACTOR'S NON-DISCRIMINATION AND NON-RETALIATION POLICY WITHOUT THE REQUIREMENT OF A SEPARATE SUBMITTAL.

Sanctions:

Our firm understands that non-compliance with Chapter 5-4 and the City's Non-Retaliation Policy may result in sanctions, including termination of the contract and suspension or debarment from participation in future City contracts until deemed compliant with the requirements of Chapter 5-4 and the Non-Retaliation Policy.

Term:

The Contractor agrees that this Section 0800 Non-Discrimination and Non-Retaliation Certificate of the Contractor's separate conforming policy, which the Contractor has executed and filed with the City, will remain in force and effect for one year from the date of filing. The Contractor further agrees that, in consideration of the receipt of continued Contract payment, the Contractor's Non-Discrimination and Non-Retaliation Policy will automatically renew from year-to-year for the term of the underlying Contract.

Dated this 23 day of May, 2017

CONTRACTOR	<u>Segal Company (Southeast), Inc.</u>
Authorized Signature	<u></u>
Title	<u>Senior Vice President</u>

Section 0835: Non-Resident Bidder Provisions

Company Name Segal Company (Southeast), Inc.

- A. Bidder must answer the following questions in accordance with Vernon's Texas Statutes and Codes Annotated Government Code 2252.002, as amended:

Is the Bidder that is making and submitting this Bid a "Resident Bidder" or a "non-resident Bidder"?

Answer: Non-Resident Bidder (Two locations in Texas - Houston and Dallas)

- (1) Texas Resident Bidder- A Bidder whose principle place of business is in Texas and includes a Contractor whose ultimate parent company or majority owner has its principal place of business in Texas.
(2) Nonresident Bidder- A Bidder who is not a Texas Resident Bidder.

- B. If the Bidder is a "Nonresident Bidder" does the state, in which the Nonresident Bidder's principal place of business is located, have a law requiring a Nonresident Bidder of that state to bid a certain amount or percentage under the Bid of a Resident Bidder of that state in order for the nonresident Bidder of that state to be awarded a Contract on such bid in said state?

Answer: No Which State: New York, New York

- C. If the answer to Question B is "yes", then what amount or percentage must a Texas Resident Bidder bid under the bid price of a Resident Bidder of that state in order to be awarded a Contract on such bid in said state?

Answer: _____

**MINORITY- AND WOMEN-OWNED BUSINESS ENTERPRISE (MBE/WBE)
PROCUREMENT PROGRAM**

Subcontracting/Sub-Consulting ("Subcontractor") Utilization Form-0900

SOLICITATION NUMBER: RWS0503	Actuarial and Consulting Services for Benefit Programs and Consulting Services for Compensation Programs
SOLICITATION TITLE: Programs	

In accordance with the City of Austin's Minority and Women-Owned Business Enterprises (M/WBE) Procurement Program (Program), Chapters 2 9A/B/C/D of the City Code and M/WBE Program Rules, this Solicitation was reviewed by the Small and Minority Business Resources Department (SMBR) to determine if M/WBE Subcontractor/Sub-Consultant ("Subcontractor") Goals could be applied. Due to insufficient subcontracting/subconsultant opportunities and/or insufficient availability of M/WBE certified firms, SMBR has assigned no subcontracting goals for this Solicitation. However, Offerors who choose to use Subcontractors must comply with the City's M/WBE Procurement Program as described below. Additionally, if the Contractor seeks to add Subcontractors after the Contract is awarded, the Program requirements shall apply to any Contract(s) resulting from this Solicitation.

Instructions:

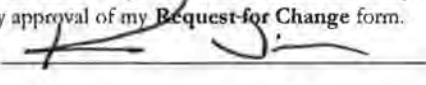
- a.) Offerors who do not intend to use Subcontractors shall check the "NO" box and follow the corresponding instructions.
b.) Offerors who intend to use Subcontractors shall check the applicable "YES" box and follow the instructions. **Offers that do not include the following required documents shall be deemed non-compliant or nonresponsive as applicable, and the Offeror's submission may not be considered for award.**

☒ **NO, I DO NOT intend to use Subcontractors/Sub-consultants.**

Instructions: Offerors that do not intend to use Subcontractors shall complete and sign this form below (Subcontracting/Sub-Consulting ("Subcontractor") Utilization Form) and include it with their sealed Offer.

☐ **YES, I DO intend to use Subcontractors/Sub-consultants.**

Instructions: Offerors that do intend to use Subcontractors shall complete and sign this form below (Subcontracting/Sub-Consulting ("Subcontractor") Utilization Form), and follow the additional Instructions in the (Subcontracting/Sub-Consulting ("Subcontractor") Utilization Plan). Contact SMBR if there are any questions about submitting these forms.

Offeror Information			
Company Name	Segal Company (Southeast), Inc.		
City Vendor ID Code	13-2619259		
Physical Address	2018 Powers Ferry Road, Suite 850		
City, State Zip	Atlanta, Georgia 30339-7200		
Phone Number	678-306-3100	Email Address	kvicira@segalco.com
If the Offeror City of Austin M/WBE certified?	<input checked="" type="checkbox"/> NO <input type="checkbox"/> YES Indicate one: <input type="checkbox"/> MBE <input type="checkbox"/> WBE <input type="checkbox"/> MBE/WBE Joint Venture		
<p>Offeror Certification: I understand that even though SMBR did not assign subcontract goals to this Solicitation, I will comply with the City's M/WBE Procurement Program if I intend to include Subcontractors in my Offer. I further agree that this completed Subcontracting/Sub-Consulting Utilization Form, and if applicable my completed Subcontracting/Sub-Consulting Utilization Plan, shall become a part of any Contract I may be awarded as the result of this Solicitation. Further, if I am awarded a Contract and I am not using Subcontractor(s) but later intend to add Subcontractor(s), before the Subcontractor(s) is hired or begins work, I will comply with the City's M/WBE Procurement Program and submit the Request For Change form to add any Subcontractor(s) to the Project Manager or the Contract Manager for prior authorization by the City and perform Good Faith Efforts (GFE), if applicable. I understand that, if a Subcontractor is not listed in my Subcontracting/Sub-Consulting Utilization Plan, it is a violation of the City's M/WBE Procurement Program for me to hire the Subcontractor or allow the Subcontractor to begin work, unless I first obtain City approval of my Request for Change form. I understand that, if a Subcontractor is not listed in my Subcontracting/Sub-Consulting Utilization Plan, it is a violation of the City's M/WBE Procurement Program for me to hire the Subcontractor or allow the Subcontractor to begin work, unless I first obtain City approval of my Request for Change form.</p> <p><u>Kennerh C. Vieira, Senior Vice President</u> </p> <p>Name and Title of Authorized Representative (Print or Type) Signature/Date <u>5/23/17</u></p>			

**MINORITY- AND WOMEN-OWNED BUSINESS ENTERPRISE (MBE/WBE)
PROCUREMENT PROGRAM**

Subcontracting /Sub-Consulting ("Subcontractor") Utilization Plan-0905

SOLICITATION NUMBER: RWS0503

SOLICITATION TITLE: Actuarial and Consulting Services for Benefit Programs and Consulting Services for Compensation Programs

INSTRUCTIONS: Offerors who DO intend to use Subcontractors may utilize M/WBE Subcontractor(s) or perform Good Faith efforts when retaining Non-certified Subcontractor(s). Offerors must determine which type of Subcontractor(s) they are anticipating to use (CERTIFIED OR NON-CERTIFIED), check the box of their applicable decision, and comply with the additional instructions associated with that particular selection.

- ☐ I intend to use City of Austin CERTIFIED M/WBE Subcontractor/Sub-consultant(s).

Instructions: Offerors may use Subcontractor(s) that ARE City of Austin certified M/WBE firms. Offerors shall contact SMBR (512-974-7600 or SMBRComplianceDocuments@austintexas.gov) to confirm if the Offeror's intended Subcontractor(s) are City of Austin certified M/WBE and if these firm(s) are certified to provide the goods and services the Offeror intends to subcontract. If the Offeror's Subcontractor(s) are current valid certified City of Austin M/WBE firms, the Offeror shall insert the name(s) of their Subcontractor(s) into the table below and must include the following documents in their sealed Offer:

- Subcontracting/Sub-Consulting Utilization Form (completed and signed)
- Subcontracting/Sub-Consulting Utilization Plan (completed)

- ☐ I intend to use NON-CERTIFIED Subcontractor/Sub-Consultant(s) after performing Good Faith Efforts.

Instructions: Offerors may use Subcontractors that ARE NOT City of Austin certified M/WBE firms ONLY after Offerors have first demonstrated Good Faith Efforts to provide subcontracting opportunities to City of Austin M/WBE firms.

STEP ONE: Contact SMBR for an availability list for the scope(s) of work you wish to subcontract;

STEP TWO: Perform Good Faith Efforts (Check List provided below);

STEP THREE: Offerors shall insert the name(s) of their certified or non-certified Subcontractor(s) into the table below and must include the following documents in their sealed Offer:

- Subcontracting/Sub-Consulting Utilization Form (completed and signed)
- Subcontracting/Sub-Consulting Utilization Plan (completed)
- All required documentation demonstrating the Offeror's performance of Good Faith Efforts (see Check List below)

GOOD FAITH EFFORTS CHECK LIST -

When using NON-CERTIFIED Subcontractor/Sub-consultants(s), **ALL** of the following CHECK BOXES **MUST** be completed in order to meet and comply with the Good Faith Effort requirements and all documentation must be included in your sealed Offer. Documentation **CANNOT** be added or changed after submission of the bid.

- ☐ **Contact SMBR.** Offerors shall contact SMBR (512-974-7600 or SMBRComplianceDocuments@austintexas.gov) to obtain a list of City of Austin certified M/WBE firms that are certified to provide the goods and services the Offeror intends to subcontract out. (Availability List). Offerors shall document their contact(s) with SMBR in the "SMBR Contact Information" table on the following page.
- ☐ **Contact M/WBE firms.** Offerors shall contact all of the M/WBE firms on the Availability List with a Significant Local Business Presence which is the Austin Metropolitan Statistical Area, to provide information on the proposed goods and services proposed to be subcontracted and give the Subcontractor the opportunity to respond on their interest to bid on the proposed scope of work. When making the contacts, Offerors shall use at least two (2) of the following communication methods: email, fax, US mail or phone. Offerors shall give the contacted M/WBE firms at least seven days to respond with their interest. Offerors shall document all evidence of their contact(s) including: emails, fax confirmations, proof of mail delivery, and/or phone logs. These documents shall show the date(s) of contact, company contacted, phone number, and contact person.

Not applicable

**MINORITY- AND WOMEN-OWNED BUSINESS ENTERPRISE (MBE/WBE)
PROCUREMENT PROGRAM**

Subcontracting /Sub-Consulting ("Subcontractor") Utilization Plan-0905

SOLICITATION NUMBER: RWS0503

SOLICITATION TITLE: Actuarial and Consulting Services for Benefit Programs and Consulting Services for Compensation Programs

- ☐ **Follow up with responding M/WBE firms.** Offeror shall follow up with all M/WBE firms that respond to the Offeror's request. Offerors shall provide written evidence of their contact(s): emails, fax confirmations, proof of mail delivery, and/or phone logs. These documents shall show the date(s) of contact, company contacted, phone number, and contact person.
- ☐ **Advertise.** Offerors shall place an advertisement of the subcontracting opportunity in a local publication (i.e. newspaper, minority or women organizations, or electronic/social media). Offerors shall include a copy of their advertisement, including the name of the local publication and the date the advertisement was published.
- ☐ **Use a Community Organization.** Offerors shall solicit the services of a community organization(s); minority persons/women contractors'/trade group(s); local, state, and federal minority persons/women business assistance office(s); and other organizations to help solicit M/WBE firms. Offerors shall provide written evidence of their Proof of contact(s) include: emails, fax confirmations, proof of mail delivery, and/or phone logs. These documents shall show the date(s) of contact, organization contacted, phone number, email address and contact person.

Not applicable

**MINORITY- AND WOMEN-OWNED BUSINESS ENTERPRISE (MBE/WBE)
PROCUREMENT PROGRAM**

Subcontracting/Sub-Consulting ("Subcontractor") Utilization Plan-0905

SOLICITATION NUMBER: RWS0503

SOLICITATION TITLE: Actuarial and Consulting Services for Benefit Programs and Consulting Services for Compensation Programs

(Offerors may duplicate this page to add additional Subcontractors as needed)

Subcontractor/Sub-consultant	
City of Austin Certified	<input type="checkbox"/> MBE <input type="checkbox"/> WBE Ethnic/Gender Code: <input type="checkbox"/> NON-CERTIFIED
Vendor ID Code	
Contact Person	Phone Number:
Additional Contact Info	Fax Number: E-mail:
Amount of Subcontract	\$
List commodity codes & description of services	Not applicable
Justification for not utilizing a certified MBE/WBE	

Subcontractor/Sub-consultant	
City of Austin Certified	<input type="checkbox"/> MBE <input type="checkbox"/> WBE Ethnic/Gender Code: <input type="checkbox"/> NON-CERTIFIED
Vendor ID Code	
Contact Person	Phone Number:
Additional Contact Info	Fax Number: E-mail:
Amount of Subcontract	\$
List commodity codes & description of services	
Justification for not utilizing a certified MBE/WBE	

SMBR Contact Information			
SMBR Contact Name	Contact Date	Means of Contact	Reason for Contact
		<input type="checkbox"/> Phone OR <input type="checkbox"/> Email	

FOR SMALL AND MINORITY BUSINESS RESOURCES DEPARTMENT USE ONLY:

Having reviewed this plan, I acknowledge that the Offeror ☐ HAS or ☐ HAS NOT complied with these instructions and City Code Chapters 2-9A/B/C/D, as amended.

Reviewing Counselor

Date

I have reviewed the completing the Subcontracting/Sub-Consultant Utilization Plan and ☐ Concur ☐ Do Not Concur with the Reviewing Counselor's recommendation.

Director/Assistant Director or Designee

Date

Section 0605: Local Business Presence Identification

A firm (Offeror or Subcontractor) is considered to have a Local Business Presence if the firm is headquartered in the Austin Corporate City Limits, or has a branch office located in the Austin Corporate City Limits in operation for the last five (5) years, currently employs residents of the City of Austin, Texas, and will use employees that reside in the City of Austin, Texas, to support this Contract. The City defines headquarters as the administrative center where most of the important functions and full responsibility for managing and coordinating the business activities of the firm are located. The City defines branch office as a smaller, remotely located office that is separate from a firm's headquarters that offers the services requested and required under this solicitation.

OFFEROR MUST SUBMIT THE FOLLOWING INFORMATION FOR EACH LOCAL BUSINESS (INCLUDING THE OFFEROR, IF APPLICABLE) TO BE CONSIDERED FOR LOCAL PRESENCE.

NOTE: ALL FIRMS MUST BE IDENTIFIED ON THE MBE/WBE COMPLIANCE PLAN OR NO GOALS UTILIZATION PLAN (REFERENCE SECTION 0900).

USE ADDITIONAL PAGES AS NECESSARY

OFFEROR:

Name of Local Firm	Not applicable. Segal is not claiming local business presence.	
Physical Address		
Is your headquarters located in the Corporate City Limits? (circle one)	Yes	No
or		
Has your branch office been located in the Corporate City Limits for the last 5 years?	Yes	No
Will your business be providing additional economic development opportunities created by the contract award? (e.g., hiring, or employing residents of the City of Austin or increasing tax revenue?)	Yes	No

SUBCONTRACTOR(S):

Name of Local Firm		
Physical Address		
Is your headquarters located in the Corporate City Limits? (circle one)	Yes	No
or		
Has your branch office been located in the Corporate City Limits for the last 5 years	Yes	No

Will your business be providing additional economic development opportunities created by the contract award? (e.g., hiring, or employing residents of the City of Austin or increasing tax revenue?)	Yes	No

SUBCONTRACTOR(S):

Name of Local Firm		
Physical Address		
Is your headquarters located in the Corporate City Limits? (circle one)	Yes	No
or		
Has your branch office been located in the Corporate City Limits for the last 5 years	Yes	No
Will your business be providing additional economic development opportunities created by the contract award? (e.g., hiring, or employing residents of the City of Austin or increasing tax revenue?)	Yes	No

Tab 3 – Business Organization

Provide the following:

a. Authorized Negotiator: Include name, address, and telephone number of person in your organization authorized to negotiate Contract terms and render binding decisions on Contract matters. The City prefers this representative to be the CEO, COO, Executive Officer, Underwriter or Legal Counsel.

The authorized negotiator for the City is **Kenneth C. Vieira, FSA, FCA, MAAA**, Senior Vice President & East Region Public Sector Market Leader, who is authorized to commit Segal to the services, compliance requirements and prices stated in our proposal.

Ken is located in our Atlanta office and may be contacted as follows:

Segal Consulting
2018 Powers Ferry Road, Suite 850 | Atlanta, Georgia 30339-7200
T 678.306.3154 | F 678.669.1887
kvieira@segalco.com

Ken will serve as the Executive Sponsor for the City.

d. A diagram illustrating the legal relationship between all of the organizations involved in the Actuarial and Consulting Services solution. Provide at a minimum, the name of the organization, legal relationship, and length of the relationship.

Name of Firm: The Segal Company (Southeast), Inc.

Division: Segal Consulting

DBA: Segal Group, The Segal Company

Home (Headquarters) & Office Addresses:

Our headquarters is located in **New York, NY**.

333 West 34th Street
New York, NY 10001-2402
t. (212) 251-5000
f. (646) 365-3243

The City will be serviced and have Executive Sponsorship out of our Atlanta, Georgia office, with National and Regional Support in Texas as needed.

Information for these offices is provided below:

2018 Powers Ferry Road SE,
Suite 850
Atlanta, Georgia 30339-7200
t. (678) 306-3100
f. (678) 669-1887

Atlanta has fifty (50) employees.

The Houston and Dallas office information is listed below.

Houston, TX

7900 North Sam Houston Parkway West
Suite 110
Houston, TX 77064-3425
(281) 671-5600
(281) 754-4722 (Fax)

Houston has three (3) employees.

Dallas, Texas

5057 Keller Springs Road
Suite 110
Addison, Texas 75001-6316
t. (214) 466-2450
f. (214) 481-0460

Dallas has eleven (11) employees.

The Atlanta office will perform the vast majority of services under **Tab 5**.

Our Dallas office has professionals more focused on Human Resource Consulting, Compensation and Investment Consulting. We will utilize those resources as appropriate.

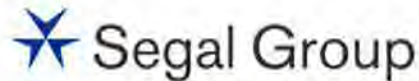
Local and Regional Offices

Segal is headquartered in New York City and has 24 offices throughout the United States and Canada. Our offices are located in **Atlanta**, Boston, Calgary, Chicago, Cleveland, **Dallas**, Denver, Detroit, Glendale, Hartford, **Houston**, Los Angeles, Minneapolis, Montreal, New Orleans, New York, Philadelphia, Phoenix, Pittsburgh, Princeton, Raleigh, San Francisco, Toronto, and Washington, DC.

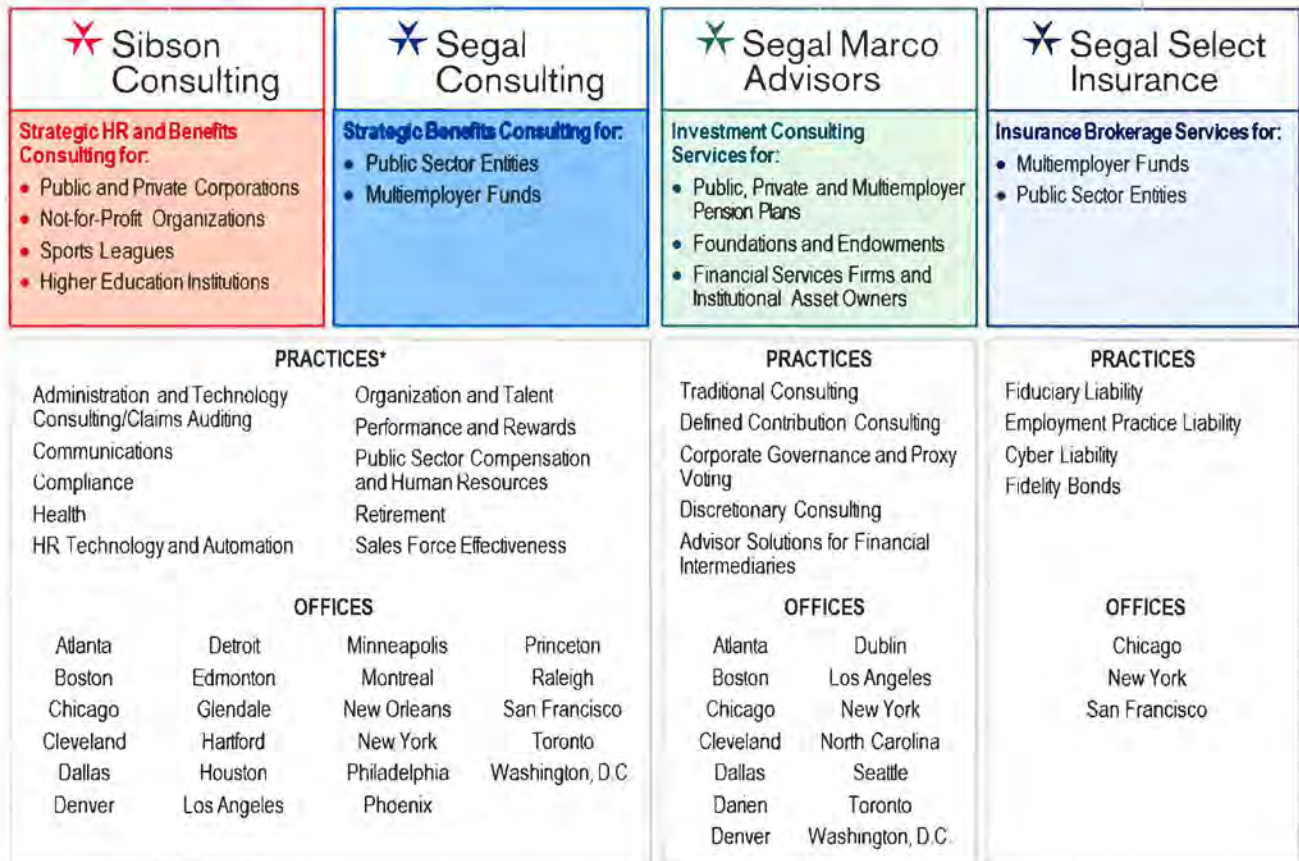
Your account will primarily be serviced out of our Atlanta office, with support of our two offices in Texas.

Corporate Structure

Our company's sole business is consulting and actuarial work for all phases of employee benefits, compensation, and human resources. We focus our energy and creativity on ways to serve clients better by providing value based consulting.



CEO and Executive Leadership Team



* Our legislative expertise and research functions are headquartered in the Washington, D.C. office.

This organizational chart demonstrates the specialized service offerings and market-specific expertise of subsidiaries and divisions of The Segal Group. Additional details about the dates of incorporation of our subsidiaries and the relation to parent company The Segal Group can be provided upon request.

Your account will be serviced under Segal Consulting.

Corporate Officers

- Joseph A. LoCicero, Chairman
- David Blumenstein, President and Chief Executive Officer
- John DeMairo, Vice Chairman
- Ricardo M. DiBartolo, SVP, Treasurer and Chief Financial Officer
- Margery Sinder Friedman, Esq., SVP, Secretary and General Counsel

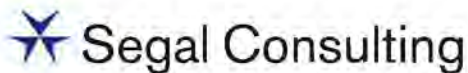


Directors

- David Blumenstein
- John DeMairo
- Howard Fluhr
- John Flynn
- John Gingell
- Diane Gleave
- Howard Goldsmith
- Eugene Keilin
- Stuart Lerner
- Joseph LoCicero
- Rob Lynch

The Segal Group has been employee-owned by its officers since 1978. There are currently 245 employee owners, with no shareholder owning more than 5% of the company. An 11-member Board of Directors sets policy and governs the organization. Implementation of policies, development of strategies and day-to-day operations are the responsibilities of the Chief Executive Officer.

e. A statement on company letterhead that your company is in good standing with all relevant licensing and regulatory agencies with no unresolved complaints, history of suspension, fines or other disciplinary actions, and has continuously maintained your license for the past five years. If the Offeror is a partnership/joint venture, this information shall be submitted for each partner.



2018 Powers Ferry Road SE Suite 850 Atlanta, GA 30339-7200
T 678.306.3100 www.segalco.com

May 25, 2017

Bridgett Kovar
City of Austin, TX
1000 Red River Street
Austin, TX 78701-2698

**Re: City of Austin, Texas RFP for Actuarial Services and Employee Benefits Consulting –
Good Standing**

Segal is in good standing with all relevant licensing and regulatory agencies with no unresolved complaints, history of suspension, fines or other disciplinary actions, and has continuously maintained our license for the past five years.

Sincerely,

Legal Counsel



f. A copy of any applicable State of Texas licenses.

A copy of our State of Texas license is on the following page.

Secretary of State 06/28/06 3:58 PAGE 2/2 RightFAX

Corporations Section
P.O.Box 13697
Austin, Texas 78711-3697



Roger Williams
Secretary of State

Office of the Secretary of State

**CERTIFICATE OF FILING
OF**

The Segal Company (Southeast), Inc.
File Number: 800674467

The undersigned, as Secretary of State of Texas, hereby certifies that an Application for Registration for the above named Foreign For-Profit Corporation to transact business in this State has been received in this office and has been found to conform to the applicable provisions of law.

ACCORDINGLY, the undersigned, as Secretary of State, and by virtue of the authority vested in the secretary by law, hereby issues this certificate evidencing the authority of the entity to transact business in this State from and after the effective date shown below for the purpose or purposes set forth in the application under the name of

The Segal Company (Southeast), Inc.

The issuance of this certificate does not authorize the use of a name in this state in violation of the rights of another under the federal Trademark Act of 1946, the Texas trademark law, the Assumed Business or Professional Name Act, or the common law.

Date: 06/27/2006

Effective: 06/27/2006



Handwritten signature of Roger Williams in black ink.

Roger Williams
Secretary of State

Phone: (512) 463-5555
Prepared by: Jean Marchione

Come visit us on the internet at <http://www.sos.state.tx.us/>
Fax: (512) 463-5709

TTY: 7-1-1
Document: 134586810002

g. The completed Section 0610 Business Organization Form including all requested information.

Provide the information requested in each section below. Once completed, place this document in Tab 3 of your Proposal response.

Requested Information	Response
Name of Organization	Segal Consulting
Name of Parent Company (if applicable)	Segal Group, Inc.
Location of corporate office	New York, New York
Federal Tax ID Number	
Legal form of organization (corporation, partnership, non-profit, etc.)	Corporation
Years of operation as an actuarial and consulting firm?	78 years
How long has your firm provided the type of services quoted in this proposal?	50 years
How long has your firm been operating in Texas?	50 years
<u>Office servicing the</u> <u>contract:</u> Location Number of staff as of 2017 Number of clients as of 2017	Segal Consulting 2018 Powers Ferry Road, Suite 850 Atlanta, Georgia 30339-7200 T 678.306.3100 F 678.669.1887 40 staff members The Atlanta office has 37 public sector clients specifically assigned to consultants and actuaries in the office. However, we work on other public sector health and retirement projects throughout the company.
Have you been the subject of litigation by a client or employer? List any litigation identified by complaint in the past five (5) years.	In the last five (5) years, Segal has not been involved in a lawsuit or regulatory action involving any of the services, or similar services, as requested under the City's scope of services as mentioned in this RFP.
Provide a disclosure of all State and Federal regulatory actions taken against your organization in the last five (5) years. Include all settlements with federal regulators, state regulators, state insurance departments, and/or Attorney General which are currently pending or have been completed in the last five (5) years.	None.

Has your firm ever been terminated from a contract? If so, where and why?	No, we have not.
<p>If applicable provide your organization's most current financial rating as described by the following rating sources.</p> <p>A.M. Best</p> <p>Fitch, Moody's</p> <p>Standard & Poor's</p> <p>Weiss</p> <p>Comdex</p>	<p>A.M. Best rates insurance companies only. S&P, Fitch and Moody's are paid services requiring a company to request inclusion in the ratings for a fee.</p> <p>Segal does not pay for this service.</p> <p>The Segal Group's annual revenue for 2016 was approximately \$226.5 million, in 2015 it was approximately \$225 million and in 2014 it was approximately \$224.5 million (these figures include member companies Segal Consulting, Sibson Consulting, Segal Marco Advisors, and Segal Select Insurance Services), and The Segal Group has been profitable throughout its history. Additional information can be provided upon request.</p>
Provide a copy of your organization's Business Continuity Plan which must include a plan between the City and your company to continue services should the City's functions and operations (e.g. designated contact, hotline to customer service for employees to use, website for employees to access, etc) cease due to an unexpected event or disaster.	We have provided a copy of our business continuity plan under Appendix IV: Business Continuity Plan.
Has your company ever failed to complete any work awarded to you? If so, where and why?	No, we have not.

Tab 4 – Experience & Qualifications

Provide the following:

a. Your company's relevant experience, qualifications, and expertise providing services described in the Scope of Work. If partnerships/subcontractors are proposed, describe your company's experience in managing these relationships. Letters of Recommendation that your company has received may be included.

We at Segal are pleased to submit this proposal to provide health and welfare professional services to the City of Austin, Texas.

Segal is extremely interested in serving as your benefit consultant. Our firm brings to this engagement an established record of experience, hard work and innovation in helping large public and private sector clients manage their benefits programs. Through our work with a broad array of public sector employers we are experienced with many of the complex issues faced by the City.

Brief description of Segal

The Segal Group, founded in 1939 in New York by Martin E. Segal as The Segal Company (www.segalco.com) is an independent, privately held consulting firm. It has been employee-owned by its officers since 1978. As a privately held corporation with more than 1,000 employees throughout the U.S. and Canada, there are currently 245 employee owners. An 11-member Board of Directors sets policy and governs the organization. Implementation of policies, development of strategies and day-to-day operations are the responsibilities of the Chief Executive Officer. This year is our 77th year of providing consulting and actuarial services.

Segal is a leading, independent firm of benefit, compensation and human resources consultants, with extensive experience in providing independent, results-driven actuarial and consulting services to a wide range of public sector clients, including states, local governments, school districts, the federal government and other public jurisdictions including special district authorities.

For over 70 years, we have developed cutting-edge total reward approaches that provide quality health care, secure retirement, and competitive compensation programs for public employees. Offering comprehensive benefits requires governments to continually search for cost efficiencies and innovations.

Segal's experience with large public sector clients is described throughout our response with additional details later in this section. Our experience is broad and includes all areas of the Plan's scope of services.

As an employee-owned consulting firm, we provide only unbiased counsel for our clients. We are not affiliated with any insurance company, third-party administrative agency or provider network. Segal's objective consulting approach means we have no stake in providing answers tied to specific benefit coverages or pre-packaged solutions. Our advice is tailored to the particular needs and circumstances of each client. By investing our resources and developing our

expertise based on the current and emerging needs of our clients, we have a long track record of creating durable, innovative and flexible solutions.

Local and Regional Offices

Segal is headquartered in New York City and has offices in 22 cities throughout the United States and Canada. Our offices are located in **Atlanta**, Boston, Calgary, Chicago, Cleveland, Dallas, Denver, Detroit, Glendale, Hartford, Houston, Los Angeles, Minneapolis, Montreal, New Orleans, New York, Philadelphia, Phoenix, Princeton, Raleigh, San Francisco, Toronto, and Washington, DC.



We anticipate the majority of the work on your account will be performed in our Atlanta office, with local support from our Houston and Dallas offices.

The Atlanta Office, housing our senior public sector staff, will be the primary office we will use to service your account and we have nineteen (19) members to service the City's account on a day to day basis. Subject matter experts will be pulled in, from other offices, if the need presents itself.

Segal's Public Sector Experience

Public Sector is one of our three primary client markets. By focusing on the particular needs of public sector clients, Segal is able to bring specialized expertise and experience that other consulting firms, who cater primarily to private sector corporations, cannot offer.

At Segal, serving the public sector is a primary focus – approximately 20% of our revenue is generated by our public sector client engagements.

Our knowledge allows our clients to make their decisions in the broader context of what other jurisdictions are doing. We have the perspective and experience necessary to understand what

will work, and what will not work, in the public sector. Some industry trends are better suited for private sector employers. Your Segal team looks forward to the opportunity to bring this perspective to the City.

Segal serves a sizeable number of local government. Below we have included an exert of our Local Government and Public School System clients.

Local Governments and Public School Systems

- City of Houston, TX
- City of San Jose, TX
- Charleston County, SC
- City of Atlanta & Board of Education, GA
- City of Atlanta General Employees, GA
- Cobb County, GA
- City of Alexandria, VA
- Fulton County, GA
- Savannah-Chatham County Public Schools, GA
- Arlington, VA Public Schools
- Metro Atlanta Rapid Transit Authority GA
- City of Baltimore, MD
- Gwinnett County, GA
- Los Angeles County Employees Retirement Association, CA
- Los Angeles Unified School District
- San Antonio Fire and Police, TX
- City of Chicago, IL
- City of Chicago Retirees
- Chicago Public Schools
- City of Savannah, GA
- City of Springfield, MO
- City of Hubbard, OH
- City of Boston, MA
- City of Tucson, AZ
- Chicago Transit Authority, Retiree Healthcare Trust
- Cook County, IL
- Cook County & Forest Preserve Pension Funds
- McHenry County, Illinois
- DeKalb County, GA
- Denver Public Schools, CO
- Fairfax County Public Schools, VA
- Fort Worth Retirement System, TX
- Los Angeles County Employees Retirement Association, CA
- Los Angeles Unified School District
- Shelby County, TN
- Jacksonville, FL
- Hollywood, FL
- Ocala, FL
- New York, New York
- New York Transit Authority
- City of Philadelphia, PA
- Village of Skokie, IL

Segal's Consulting Resources

Being an independent, privately held consulting firm, the strategic decisions we make not only affect our 1,000+ clients, but the long-term sustainability and reputation of our firm. With this in mind, we go far beyond other firms in making sure our staff stays relevant and informed. We make sure we have expertise assigned to each practical subject matter. We also develop and purchase a variety of tools and resources for our consultants. This seems like a very simple initiative, but it involves a large investment by our Firm and requires support and directives from our Board of Trustees and Senior Management Team, which we have.

The resources we make available to the Account Manager, and in turn, the City are concentrated in four main areas:

- Segal's Depth and Breadth of Services
- Technology and Tools
- Required Training
- Research and Development

Segal's Depth and Breadth of Services

Two things a firm must have to service and account of your size – sufficient staff and expertise. Segal exceeds those criteria. We are the Nation's largest privately held/employee-owned benefits consulting firm with over 1,000 consulting and support staff, including:

- | | |
|-------------------------------|------------|
| ➤ 150+ credentialed actuaries | ➤ Auditors |
| ➤ MDs | ➤ CEBS |
| ➤ PharmDs | ➤ MBAs |
| ➤ RNs | ➤ FLMIIs |
| ➤ JDs | ➤ PhDs |

Segal has selected a core team of ten (10) individuals to service the City's account. We will also have additional subject matter experts to assist throughout the contract term. In the **Segal's City Team** section, we provide biographical information for the selected team members.

Our highly credentialed staff enables Segal to bring a full complement of consulting services. Segal is an actuarial, benefits, compensation and human resources consulting firm, providing a professional range of services in the following major areas:

- **Health Actuarial Services** include a full array of actuarial services, such as IBNR estimates, funding rate development, expense and revenue projections, budget projections, utilization analysis and reporting, OPEB valuations, trend analysis and review, premium rate negotiation for fully-insured programs, valuation of alternative benefit designs, ROI measurement, analysis to support gain-sharing and trend guarantees, development of risk factors and stratification, review of narrow networks and pay-for-performance strategies, analysis of consumer directed health plans, and the valuation of the impact of wellness, RDS attestations and MA-PD premium negotiations, health management and value-based benefit designs and strategies.
- **Health Benefits Advisor Services** for life and health benefit plans include the design of medical, dental, prescription drug and vision benefits plans; assistance in the selection and quality evaluation of insurers and managed care organizations; and projections of benefit plan costs. Other services include evaluation and formulation of provider reimbursement systems; design and implementation of managed disability, health promotion and employee assistance programs; the application of healthcare cost management techniques; long-term care studies; hospital and medical claims and utilization review audits; collection and analysis of cost utilization data; consultation regarding the creation and management of healthcare coalitions; design and selection of disease management programs; design,

selection and implementation of retiree health plan strategies and vendors; and the development of centers of excellence programs.

- **Flexible Benefit Services** encompass the total spectrum of employee choice programs including premium-only plans, flexible spending accounts (medical and dependent care) and "full flex" plans, as well as LifeCycle benefit programs and 3-D flexible benefits (a unique program that joins flexible benefits, deferred compensation and LifeCycle allowances).
- **Employee Communications Services** include strategic communications to help plan sponsors achieve their benefits goals. Consultants work with clients to develop materials for a wide range of benefit programs and produce brochures, posters, payroll stuffers, video and slide presentations, individualized benefit statements, comprehensive employee handbooks and individual summary plan descriptions, as well as computer interactive communications. The staff also conducts seminars, focus groups and training for meeting presenters.
- **Compliance Services** include the review of plan documents, plan enrollment information and participant correspondence for compliance with Internal Revenue Code and Department of Labor provisions and regulations, internal and external consistency and the provision of clear rules and guidelines for plan operation. In addition, Segal offers a separate service – **Crosscheck™** – that provides specially trained experts to conduct an operational review of a client's administrative procedures to help a client and its legal counsel determine whether plan operations are meeting legal and regulatory requirements, and are consistent with what the plan promises.
- **Human Resources Consulting Services** provide strategic analysis of an organization's human resources objectives and practices; assist in aligning goals and HR strategy; examine and report on whether outsourcing is appropriate; assist with the vendor selection process; and support the implementation process.
- **Compensation Consulting Services** encompass customized program design and the implementation of administration of total compensation programs. This includes job classification and evaluation studies, compensation surveys and databases, as well as reward system design.
- **Retirement Consulting and Actuarial Services** include the design of defined benefit and defined contribution plans, the preparation and review of actuarial valuations, the valuation of retiree health plan liabilities and obligations, long-term disability plans and other health programs. Segal's actuarial reports pinpoint significant findings, present available options, explore alternatives, measure assumptions and highlight changes and trends. Our professional actuarial staff includes Fellows and Associates of the Society of Actuaries, Members of the American Academy of Actuaries, Fellows and Members of the Conference of Consulting Actuaries, Enrolled Actuaries and Fellows of the Canadian Institute of Actuaries.
- **Administration and Technology Consulting** helps clients define the use of technology in managing human resources information by evaluating the existing human resources technology environment and defining users' functional and technical requirements. Our consulting team offers practical alternatives to improve a plan's current procedures utilizing either outsourcing vendors or available technology. Internet and Intranet applications for

benefits communications are also offered. Segal provides implementation oversight and manages vendor identification, evaluation and selection.

- **Organizational Performance Measurement Services** use employee and customer loyalty measurement systems to design competency models and competency-based performance management systems, develop business cases for implementing change and create focused recruitment/retention goals for critical roles in the organization.
- **Work/Life Benefits Consulting Services** include facilitating discussion on work/life issues and assisting with planning and program design that aligns work/life incentives with an employer's business culture and goals. Consultants analyze, measure and monitor work/life programs, assess employee needs and preferences, and prepare cost/benefit analyses. Other work/life consulting services include assisting with vendor searches, developing paid time-off programs and flexible work arrangement strategies, and designing managers' training programs on work/life balance and flexibility.
- **Investment Consulting Services** (through our SEC-registered affiliate, Segal Marco) helps our clients ensure that their defined contribution or defined benefit retirement funds are prudently invested.

The combination of the areas addressed in this section gives your Account Manager, Laine Ingle, a wealth of capable resources to service your account.

b. A list of five current or previous public sector clients with over 5,000 employees. All client reference information must be supported and verified. Reference contacts must be aware that they are being used and should be agreeable to City interview for follow-up. References shall include the following:

- *Agency*
- *Number of employees*
- *Year contract was awarded and length of contract*
- *Agency contract manager*
- *Title*
- *Direct telephone number*
- *Email address*

We have included five (5) public sector plans as references. Additional references may be provided upon request. Within the past two (2) years we have provided each of these clients a similar scope of services as that requested by the City. Every client reference listed below has given Segal permission to be named as a reference.

Reference 1

Fulton County, Georgia

Contact Information:

Ms. Melissa Barnett
Employee Benefits & Payroll Manager, Finance
141 Pryor Street, NW
Atlanta, GA 30303
(404) 612-4243 (t)

Number of Active & Retired Employees: 7,500

Services Provided:

Segal was retained by Fulton County and the Board of Commissioners in February of 2012 and again in December 2014. We were asked to provide a comprehensive review and benchmarking of the current benefit programs, present results and recommendations to the BOC, market the new plan design and provide ongoing financial and plan management services. The scope of the project is very similar to the benefit services requested in this RFP for the City of Greensboro, NC.

In the first phase we reviewed the utilization and performance of the current medical, dental, vision and pharmacy programs. We also benchmarked the programs to surrounding counties, cities and the State. Fulton asked that Segal include the City of Atlanta, the Georgia State Health Benefit Plan, Cobb County, Gwinnett County, and DeKalb County. All were clients of Segal and provided expedient benchmarking data. As a result of the analysis we recommended adding a new CDHP plan design, modifying the current HMO & PPO program's and adding a Medicare Advantage Plan for retirees.

After approval from the Board of Commissioners, a comprehensive RFP was developed by Segal and released to the marketplace. There was excellent response and interest from the community. The RFP resulted in a savings of over \$2 million per year without additional cost shifting to employees and retirees. The final design also included an expanded wellness solution and partnership with Grady Health System.

Segal has been proactively managing the account since 2012. The annual increases have been less than 5% per year.

The County recently completed a marketing project, for the following benefits/services: Integrated Medical/Rx, HRA/HSA, COBRA, EAP, Dental, Vision, Wellness/DM, and MA-PDP. Segal developed the RFP, assisted in responding to vendor questions, evaluated and scored responses, attended finalist presentations, and monitored/managed the implantation process, for a 1/1/2016 effective date.

Metro Atlanta Rapid Transit Authority (MARTA)

Contact Information:

Mr. Jim Robinson
Manager of Compensation & Benefits
2424 Piedmont Road, NE
Atlanta, Georgia 30324-3330
404-848-6008 (t)

Number of Active & Retired Employees: 5,207

Services Provided:

Segal recently completed a full review and benchmarking of MARTA's benefits program, including medical, pharmacy, dental, and vision. Our recommendations include:

- Streamlined plan choices that also provide more choice (the 4 current plans offer very similar benefits)
- Introduction of consumer driven health option
- Integrated wellness strategy
- Enhanced choice for dental and vision
- Procurement of more competitive vendor/carrier/administrator contracts
- Employee and retiree contributions more in-line with industry and local market norms

During this phase of the project Segal supported negotiations with the union and helped MARTA through a number of complicated benefit issues. Segal worked with staff to present the recommendations to their Board, providing a high level executive summary with appropriate supporting details. With this redesign, it is anticipated that MARTA will reduce benefit costs by 25% annually.

Based on these recommendations, Segal led MARTA through the procurement process, ending some vendor contracts early. Services/tasks associated with this project included:

- Preparation of all necessary documents and supporting data for procurement of Medical, Pharmacy, Dental, Vision, Life and FSA administrators
- Partnering with a team of professionals at MARTA to make sure all program nuances and elements were included in the procurement materials
- Educating the selection committee on what to look for during the procurement evaluation – e.g., primary differentiators, strengths/weaknesses, short-term and long-term considerations, etc.
- Summarization of RFP responses for the committee. This included a side-by-side grid of responses for quick comparison across respondents, as well as a high-level summary of the key variations

- Compilation of the BAFOs (Best and Final Offers) and advising the Selection and Evaluation Committee. We also provided talking points to the Program Director for presentation to the Board.
- Preparation of scoring and financial documents for the selection committee

Following vendor selections, we aided in negotiation of vendor performance guarantees and provided guidance in finalizing vendor contracts.

We continue to provide ongoing actuarial and health consulting support. This project is very similar to the work we are proposing for the City and includes virtually every element detailed in your scope of services.

Reference 3

City of Houston, Texas

Contact Information:

Mr. Omar Reid
Human Resources Director
611 Walker, 4th Floor
Houston, TX 77002
823-393-6100 (t)

Number of Active & Retired Employees: 21,000

Services Provided:

Segal provides ongoing benefits consulting and actuarial services. Segal recently assisted the City with a full procurement of their Medical and Pharmacy benefits. The RFP was structured to solicit bids with pharmacy provided on an integrated or carve-out basis, with the final decision to be made after evaluating all of the possible medical/Rx vendor combinations

The RFP also included sections to evaluate the market's ability to provide medical management and wellness services, as well as innovative care delivery models such as tiered provider networks and accountable care organizations. In 2013, we also assisted with a procurement of their life insurance contracts, producing significant savings for both the City and employees.

Medical, Pharmacy, Life Insurance, Wellness and Disease Management services were procured for the 2014 plan year. The City pays a local provider group a capitated rate in exchange for the group providing all professional services on a closed/limited provider network basis – a true EPO. Inpatient admissions (and readmissions), ER and urgent care utilization and generic dispensing rates are substantially more favorable in the EPO as compared to the PPO, which utilized largely the same providers. Trend in the EPO has been 1% over the last three years. The new contracts will save the City and its retirees approximately \$1M annually.

We recently performed a review and study of their compensation and overall benefit program for their active population as compared to 20 peer organizations throughout the country. Additionally, we completed a MA-PDP and Disability RFP during the summer of 2014.

Reference 4

Gwinnett County, Georgia

Contact Information:

Ms. Debbi Davidson
Benefits Business Manager
Human Resources
Gwinnett County Government
75 Langley Drive
Lawrenceville, GA 30046
(t) 770-822-7956
(f) 770-822-7775

Number of Active & Retired Employees: 4.500

Services Provided:

Segal has been consulting to the County for over 14 years, providing strategic and general benefits consulting services.

You service team has been involved with providing full brokering and enrollment services, including valuation of alternative benefit and funding strategies, employee and retiree contribution strategies, vendor marketings and ongoing management, evaluation of potential on-site clinic, medical and Rx audits, overall strategic planning, IBNR, budget projections, funding and COBRA rates, RDS attestations, ERRP assistance and other ad hoc consulting projects.

Annually, we also provide local market benchmarking services to the County.

Reference 5

Alabama Public Education Employees' Health Insurance Plan (PEEHIP)

Contact Information:

Ms. Diane Scott
Chief Financial Officer
P.O. Box 302150
Montgomery, Alabama 36130-2150
334-517-7302 (t)
334-517-7001 (f)
Diane.scott@rsa-al.gov

Time Period: 2014 - Current

Number of Participants: 300,000

Services Provided:

The Public Education Employees' Health Insurance Plan provides hospital medical health insurance benefits for all full-time employees, and certain part-time employees, of the Alabama public educational institutions, which provide instruction at any combination of grades K-14, exclusively under the auspices of the State Board of Education. These insurance benefits are also available to retired employees with a portion of the retiree's cost paid through the employer premium for active employees. The PEEHIP Division maintains insurance records for the approximately 300,000 active and retired members and eligible dependents on-line with on-line insurance status changes. All changes are reported to the third party administrators via electronic file transfer.

Segal began working with PEEHIP in 2013, current projects include:

- Analysis of proper funding levels for the Hospital Medical Insurance Program, Rx and Optional Plans.
- Consulting on plan design issues, focusing on cost effectiveness and competitiveness.
- Advice regarding legal/legislative developments regarding the Patient Protection and Affordable Care Act (ACA) and how it specifically impacts PEEHIP. This will involve keeping the PEEHIP staff and board timely informed of current.
- Negotiations with current plan providers as needed.
- Providing claim projections twice a year
- Retiree benefits design and strategy, including EGWP and prospective Medicare Advantage plans
- Pharmacy consulting and strategy, including contract negotiation
- Providing IBNR calculations by Active and Retired summarized by Medical, Drug, and by optional benefits - Dental, Cancer, Hospital Indemnity, and Vision.
- Provide marketing/procurement for all Benefit Products every 3 years.

Below are references specific to our compensation group.

City of Fort Worth, TX

1000 Throckmorton Street
Ft. Worth, TX 76102

Mr. Brian Dickerson
Director of Human Resources

(817) 392-7783
Brian.Dickerson@fortworthtexas.gov

- Researched, developed and recommended compensation structures for the City's general level exempt and non-exempt job classifications utilizing market data provided by the City and proposed a job classification system to upgrade or replace the City's current job classification system for their general employee classifications
- Analyzed approximately 435 job titles covering approximately 3,745 employees
- Analyzed market data provided by the City for 134 benchmark jobs from approximately 35 benchmark organizations using market data collected and provided by the City
- Updated current pay schedules and design recommended salary schedules. Recommend compensation structures for the City's exempt classifications
- Developed options and approaches for long-term sustainability; facilitated discussions on successful approaches for system maintenance, including policy changes to guide future compensation approaches based on best practices
- Prepared and delivered report; provided documentation on proposed changes and assist in the communication of these changes; defined the approach to be used in evaluating market changes; identified steps to recommend structure adjustments; provided options for movement through pay ranges; developed administrative guidelines for continued maintenance of the compensation system
- *Dates of Services: 2014 - Current Client*

City of Houston, TX

HR Financial and Accounting
Management
611 Walker, 4th Floor
Houston, Texas 77002

Omar C. Reid
*Formerly City of Houston - Director
of Human Resources*

Currently Harris Health System -
Senior Vice President of Human
Resources

(713) 566-6255
Omar.reid@harrishealth.org

- Reviewed and redesigned job classification system and structure for 14,000 employees
- Developed a total compensation labor market survey and database for 109 benchmark municipal jobs in 19 job families and Uniformed Police and Fire jobs
- Reviewed and redesigned point-factor job evaluation system
- Reclassified all civilian job titles
- Supported negotiations with police and fire fighter employee associations
- Worked with joint labor-management committee to develop revised prevailing wage rates applicable to unionized skilled trade occupations
- Conducted an Environmental Scan to collect information from four (4) key major cities regarding practices for supporting their workforce through the HR function including organizational structure and internal processes
- Currently provide benefits consulting services related to health plan evaluations, prescription drug, dental program, health benefit claims auditing, and total compensation statements
- *Dates of Services: 1998 - Current Client*

City of Grand Rapids, MI
300 Monroe, NW Room 720
Grand Rapids, MI 49503
Mr. Bryan Klebba
Senior Human Resources Analyst
(616) 456.3176
bklebba@grcity.us

- Conducted a comprehensive classification and compensation study for the City's 1,600 employees covered by 415 job titles
- Distributed a customized Job Description Questionnaire to collect information to determine job series distinctions, internal equity determinations, job descriptions, and FLSA determinations
- Developed a point factor system to establish relative internal equity
- Conducted a market assessment of 100 benchmark jobs distributed to 10 peers
- Developed a pay schedule to cover all jobs covered by the study and recommended grade assignments for all job titles covered by the study
- Estimated the cost of implementing the recommended pay schedule, including recommendations regarding placement of each employee within the pay ranges
- Developed updated job descriptions for all positions
- Developed an appeals process for employees
- Dates of Services: 2016

City of Fort Lauderdale, FL
100 N. Andrews Avenue
Fort Lauderdale, FL. 33301
Ms. Averill Dorsett
Director, Human Resources
(954) 828-5307
ADorsett@fortlauderdale.gov

Ms. Grace Brown, PHR, SHRM-CP
Classification & Compensation
Manager
(954) 828-5308
GBrown@fortlauderdale.gov

- Conducted a comprehensive classification and compensation study for approximately 2,227 employees
- Developed and distributed a job analysis questionnaire to analyze City positions and develop FLSA recommendations
- Develop a recommended classification structure and assignments of individual positions to job titles
- Developed and applied a job evaluation system to establish and maintain internal equity
- Analyzed market data for 134 benchmark jobs from approximately 35 benchmark organizations using market data collected and provided by the City
- Updated of current pay structure and developed pay schedules
- Recommended grade assignments for all job titles covered by the study
- Estimated the cost of implementing the recommended pay schedules and placement of each employee within the new pay ranges
- Development multi-year plan options for phasing in study recommendations
- Developed and recommendations for long-term management of the City's compensation system and development of administrative guidelines
- Dates of Services: 2016 - Current Client

City of Cape Coral, FL
1015 Cultural Park Blvd.
Cape Coral, FL 33990

Ms. Lisa Sonoga
Human Resources Director

lsonogo@capecoral.net
(239) 574-0528

In 2007 - Conducted a comprehensive classification and total compensation study for approximately 2,100 covered by 330 job titles

- Conducted point factor job evaluation process and review of classification structure including FLSA review including onsite meetings and review sessions
- Conducted a total compensation market assessment including public and private sector peer organizations
- Designed the new compensation structure(s) based on market surveys and point factor job evaluation results
- Developed new job descriptions for all positions

In 2015 – Conducted a classification analysis

- Analyzed job documentation for 310 job classifications
- Conducted on-site employee interviews to clarify data in the job questionnaire
- Developed a classification system that includes career ladders (where appropriate), differentiating characteristics, and minimum qualifications
- Developed and implemented a Point Factor Job Evaluation System
- Recommend grade changes based on the classification review and available market data already collected through other services provided by Segal Waters
- *Dates of Services: 2007, 2014 – Current Clients*

**State of Washington
Office of Human Resources**

Office of Financial Management
State Human Resources

128 10th Ave SW
Olympia, WA 98504

Ms. Angie Hogenson
Classification & Compensation
Program Manager

(360) 407-4111
Angie.Hogenson@ofm.wa.gov

- In FY2010, FY2014, and FY2016 conducted a large-scale web-based total compensation survey. The FY 2010 survey was developed and distributed via the internet to almost 300 participants covering over 80 benchmark titles. The FY2014 survey was distributed to 150 employers and covered about 200 benchmarks. The FY2016 survey was distributed to 130 employers and covered about 180 benchmarks.
- Each year prepared and delivered a database and report of the market assessment, including base pay, pay policies, paid time off, health benefits, retirement benefits, and other benefits
- *Dates of Services: 2009-2010, 2015, 2016*

**Washington Metropolitan Area
Transit Authority**

600 5th Street NW, Room 301-B
Washington, DC 20001

Ms. Gayle L. Gray
Director, Office of Labor Relations

(202) 962-1570
glgray@wmata.com

- Conducted multiple total compensation labor market surveys and databases affecting ~ 6,500 employees
- Identified current compensation practices in the Baltimore-Washington Metropolitan Area
- Supported labor negotiations and arbitrations
- *Dates of Services: 1992 – present*

For additional information regarding our experience, please view the following reports, available online, for specific examples of how our organization's expertise and recommendations have benefited a public agency:

State of Alaska

<http://doa.alaska.gov/dop/fileadmin/directorsoffice/pdf/segalfinalreport.pdf>

State of Colorado

https://www.colorado.gov/pacific/sites/default/files/DPA%20Annual%20Compensation%20Survey%20Report%20FY2014-15_0.pdf

State of Rhode Island

<http://www.local2881.org/docs/Segal%20Report%20to%20State%20of%20RI%2001-26-13.pdf>

State of Washington – Department of Human Resources

<http://www.hr.wa.gov/CompClass/Compensation/Pages/TotalCompensationSurvey.aspx>

City of Phoenix, AZ

<https://www.phoenix.gov/itssite/Documents/070008.pdf>

City of San Diego Police Department, CA

http://www.sandiego.gov/mayor/pdf/sdpd_repositions11614.pdf

Pinal County Sheriff's Office, AZ

http://sthcw.files.wordpress.com/2013/04/pinal_county_sheriffs_office_memo_as_of_4-22-131.pdf

c. A list of all of your public sector clients in Texas. Identify public sector clients which have 5,000 or more employees. Provide a list of large employer groups with over 10,000 employees.

Texas Clients and Local Market Knowledge

Segal has been serving Texas clients for over 50 years. This will provide local market knowledge and expertise that may not be found with many of our competitors. Segal serves a number of public sector, corporate and jointly-trusted benefit plan clients in the State of Texas:

- Affiliated Computer Services, Inc. (ACS)
- American Basketball Association
- Aramco Services Company
- Baylor University
- Consolidated Nuclear Security, LLC
- Delfingen
- Gulf Chemical & Metallurgical Corp.
- H.C. Price Co.
- H.D. Vest Advisory Services, Inc.
- L-3 Aerospace Systems, Mission Integration Division
- L-3 Infrared Products
- LyondellBasell Industries

- Rice University
- Schlumberger Limited
- Stephen F. Austin State University
- Texas Health Resources Inc.
- Texas Instruments, Inc.
- Veolia Water North America Operating Services, Inc.
- WestStar Bank
- Allied Pilots Association
- Association of Professional Flight Attendants
- Brick Layers Gulf Coast Pension Fund
- Capital Metropolitan Transportation Authority Plan for Bargaining Unit Employees of Star Tran, Inc.
- Electrical Medical Trust
- Greater Texas IBEW-NECA Annuity Fund
- Greyhound ATU National Local 1700 Health & Welfare Trust
- Heat & Frost & Allied Workers No. 21 Pension Plan
- IBEW - NECA Southwestern Health & Benefit Fund
- IBEW Local 479 Retirement Fund
- IBEW Local Union No. 479 Pension Trust Fund
- IBEW Local Union No. 716 Pension Trust Fund
- International Brotherhood of Electrical Workers Local No.527 Pension Trust Fund
- International Brotherhood of Electrical Workers Local Union No. 527 Annuity /401(k) Trust Fund
- International Brotherhood of Electrical Workers Local Union No. 716 Retirement Savings Plan
- International Brotherhood of Electrical Workers Seventh District Retirement Fund
- Laborers National Pension Fund
- Pipefitters Local 195 Defined Contribution Fund
- Pipefitters Local 211 Welfare Trust Fund
- Pipefitters Local Union 211 Defined Contribution Retirement Plan
- Plumbers & Steamfitters Local 100 of Dallas Health & Welfare
- Plumbers & Steamfitters Local Union No.100 401(k) & Retirement Plan
- Plumbers and Pipefitters Local 142 Pension Fund
- Plumbers and Steamfitters Local No. 146 Pension Fund
- Plumbers Local 68 Pension Plan
- Plumbers Local No. 142 Welfare Fund
- Plumbers Local No. 68 Welfare Fund
- Plumbers Local Union No. 142 Annuity Fund
- Southwest Airlines Pilots' Association
- Southwest Health Benefits Fund
- Southwest Laborers Health and Welfare Fund
- Texas Iron Workers Defined Contribution Plan
- Texas Iron Workers Health Benefit Fund
- Texas Iron Workers Pension Fund
- The Energy and Minerals Group
- City of College Station
- City of Fort Worth, TX

- City of Houston
- City of Missouri City, TX
- City of Victoria
- City of Wylie, Texas
- Denton County Transportation Authority
- Fire and Police Pension Fund, San Antonio
- New Braunfels Utilities, TX
- Texas State University
- University of North Texas

d. A comprehensive list of all your company's professional publications for the last two years. Publications include but are not limited to: bulletins, newsletters, and articles published by your company. In addition, the Proposer can also provide actual publications to demonstrate expertise in the field.

Segal publishes an array of newsletters, surveys and other informative publications that we routinely provide to our clients. To see the variety of information we offer on benefits, compensation and human capital issues, visit: <http://www.segalco.com/publications-and-resources/>. We also provide helpful and timely webinars, presentations and podcasts, which are available on our website.

Our public sector plan-specific publications include:

- Update, a newsletter which summarizes important developments affecting plan compliance.
- Data, surveys and studies of interest to sponsors of public sector plans.
- Hot Topics, timely alerts published on our website and distributed via email.
- Public Sector Letter, periodic publications that discuss creative benefit planning options for employers and plan sponsors.
- TRENDS, a quarterly publication that captures noteworthy developments of interest to sponsors of public sector health plans.
- DC Digest, a quarterly compendium of trends, developments and insights of interest to defined contribution (DC) plan sponsors.



The following list highlights several of Segal's recent client publications. Samples of the publications listed below are provided under **Appendix II**.

TRENDS & Surveys	<ul style="list-style-type: none"> • Segal's First Quarter 2017 • 2017 Segal Health Plan Cost Trend Survey • Summer 2016 Data Reporting Results of a Public Sector Retiree Health Survey
Update (Compliance News)	<ul style="list-style-type: none"> • February, 2017: "21st Century Cures Act Enhances Mental Health Parity Oversight and Creates New Small Employer Health Reimbursement Arrangement" • December, 2016: "Congress Likely to Amend Affordable Care Act in 2017" • November, 2016: "2017 Medicare Premiums, Deductible and Coinsurance Announced" • November, 2016: "New Guidance on Cloud Computing and the HIPAA Privacy and Security Rules"
Data	<ul style="list-style-type: none"> • March 2016: Infographic of Key Facts about 2016 Medical Stop-Loss Coverage • September 2015: Infographic of Key Findings from the 2016 Segal Health Plan Cost Trend Survey • 2016 Segal Health Plan Cost Trend Survey • 2012 Study of State Employee Health Benefits
Hot Topics	<ul style="list-style-type: none"> • January 2017: "President Trump's Executive Order on the Affordable Care Act and his Administration's Freeze on New Regulations" • December 2016: "GASB Proposes Implementation Guidance for Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans"
Article	<ul style="list-style-type: none"> • August 2016: "Prepare to Avoid or Delay the Affordable Care Act Excise Tax" • September 2015: "Using Data to Improve Health Plan Performance and Participant Health"
Segal Webinar	<ul style="list-style-type: none"> • January 2017, "Retirement Readiness: Measuring up to Retirement Security" <ul style="list-style-type: none"> ○ https://www.segalco.com/publications-videos/videos-webinars/retirement-readiness-measuring-up-to-retirement-security/#PublicSector

e. Information on your organization's nationally recognized surveys regarding employer health benefits. Provide a copy of the most recent survey results published by your company.

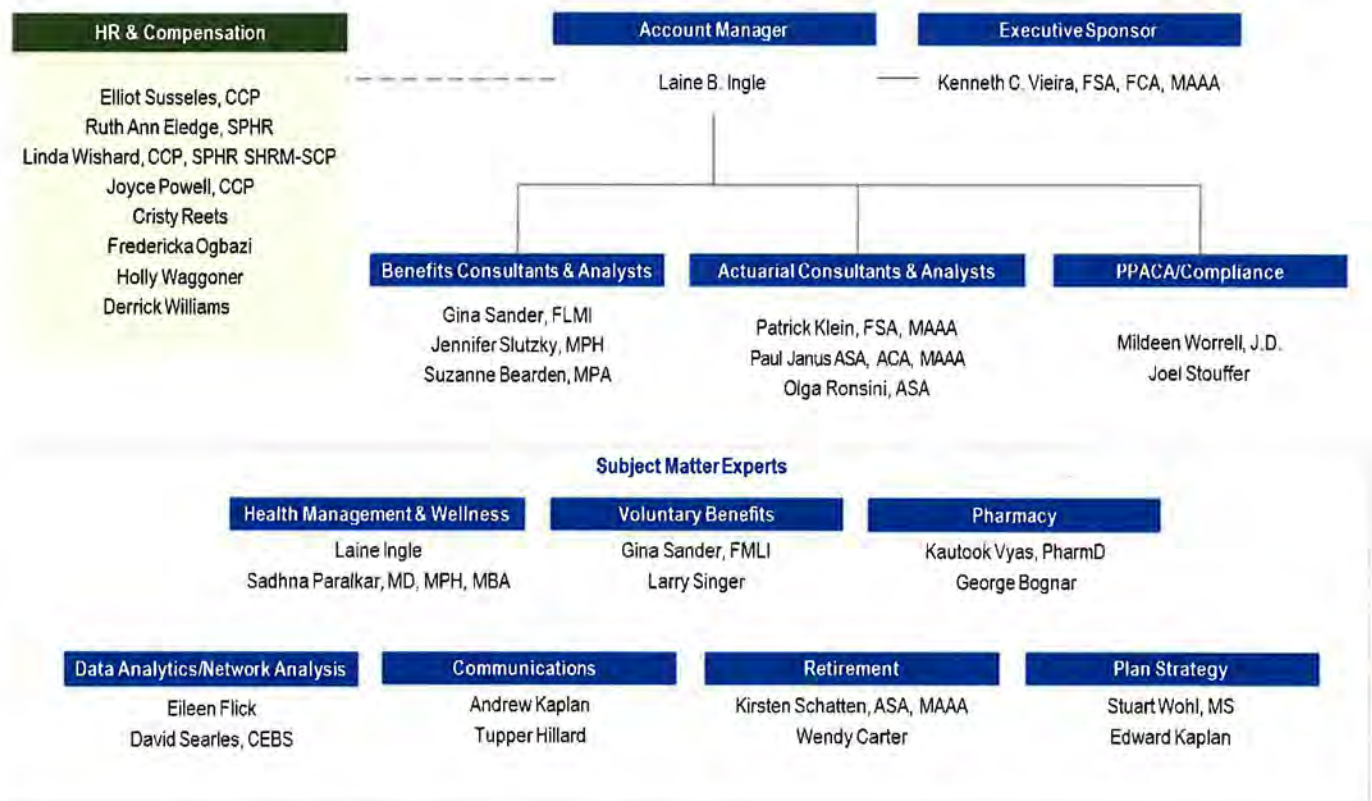
Segal is nationally recognized for the surveys we produce. On an annual basis we produce the Health Plan Cost Trend Survey and periodically we produce the Study of State Employee Health Benefits (2017 is in production now) along with the annual Public Sector Retiree Health Survey and the Study of Medicaid Savings from State Retirement Savings Options for Private Sector Workers.

We have provided a copy of our 2017 Health Plan Cost Trend Survey and a copy of our newly released State Employee Health Benefits Survey under **Appendix II**.

f. Identify key person names, titles, and qualifications of all employees (including the Single Point of Contact) who will be actively engaged in this project, and resumes for all employees that will perform work under the resulting Contract (limit 2 pages per person). Do not include the experience of employees who will not actively participate. Include the following for each key person:

- *List the number of clients for which each is responsible*
- *Indicate percentage of time each will be allocated to the City of Austin*
- *Office location*
- *Proof of professional licensure and American Academy of Actuaries membership*

Segal has assigned an account team that will bring to this engagement extensive experience with state and local government programs and other public sector entities. We understand the importance of having our top technical and consulting specialists knowledgeable with the City's benefit structure and programs. Certain members of the team will be on call to allow rapid response to developing needs.



The team we have assembled was selected to best meet the needs listed in the RFP. The team will function as an integrated unit in providing consulting services to the City. We believe the strength and knowledge of the team will provide the City with unmatched service.

The Account Manager is **Laine Ingle**. Laine is a Senior Health Benefits Consultant and the Health Practice Leader in our Atlanta, Georgia office. She will serve as Lead for Health Strategies and will help manage the day-to-day projects.

Laine has 21 years of human resources and benefits consulting experience. She has also provided operational and administrative strategic support for many large public employers, including the Georgia State Health Benefit Plan, Alabama Public Education Employees' Health Insurance Plan (AL PEEHIP), Illinois Central Management Services, the State of Maryland, Pennsylvania Public School Employees' Retirement System – Health Options Program (PSERS), Gwinnett County (GA), State of Wisconsin, the City of Houston (TX), and Fulton County (GA).

Prior to coming to Segal, Laine provided lead consulting on the State of Tennessee and Gwinnett County (GA). She has managed procurements for many of these accounts.

Segal Senior Team

Segal has assembled a senior team of consultants, actuaries, and clinicians who have experience working with state health plans and have a deep knowledge of state and municipal healthcare delivery systems. Key members of your account team have worked with several public programs throughout the country. In addition, our team was assembled to recognize the importance of knowing the Texas marketplace.

In addition to Laine, key members of our actuarial and consulting team include:

Laine will have the support of **Ken Vieira, FSA, FCA, MAAA**, who will serve as the City's Executive Sponsor.

Ken is Segal's East Region Public Sector Market Leader and sits on Segal's East Leadership Team. He has extensive experience in public sector benefit plan design and evaluation, trend analysis, alternative approaches, plan rating, premium rate development, statistical forecasting, and other medical management program areas that are evaluated and implemented based on sound actuarial advice.

Ken will be an available resource for the City and will be involved in our ongoing client satisfaction meetings. He will also ensure the account remains appropriately staffed and that Segal provides outstanding quality and service to the City.

Our management team is experienced in the governmental sector, and more importantly, with accounts similar to yours.

Laine and Ken have a long history and have worked together on numerous assignments.

Lead Benefits Consultant

Gina Sander, FLMI, is a Senior Health Consultant in Segal's Atlanta office with 27 years of experience as an underwriter, consultant, and account manager. She is a member of the East Region Health Practice and provides benefits consulting to public sector entities and corporate firms.

Gina has a strong technical underwriting background and brings a full complement of consulting expertise to her clients. She has extensive experience in strategic consulting, benefit program/plan design and evaluation, financial forecasting, trend analysis, plan rating, premium rate development, data analytics, vendor selection and management. Some of Gina's recent and current clients are Alabama Public Education Employees Health Insurance Plan, Wisconsin

Employee Trust Fund, Fulton County (GA), North Carolina State Health Plan, State of Kansas, City of Houston (TX), City of Miami, FL – Fraternal Order of Police, and the Association of American Medical Colleges (AAMC).

Gina will serve as the City's **Lead Benefits Consultant**.

Lead Actuary

Patrick J. Klein, FSA, MAAA. Mr. Klein is a Senior Health Consulting Actuary in Segal's Atlanta office and will serve as the Lead Actuary. He has nine (9) years of experience consulting to public sector group health benefit plans, including regional, statewide and national plans. He will assist Laine by providing actuarial projections, funding, reserves, Medicare program-specific analysis (EGWP, Medicare Advantage, RDS, etc) and other actuarial assignments.

Mr. Klein has specialized expertise in employee benefit strategy, vendor negotiation, and cost projections. Mr. Klein works with clients by certifying estimated incurred but not paid reserves as well as the claims/premium assumptions used in retiree health valuations. He also helps develop employer health care strategies for active and retiree benefit programs, including plan offerings, vendor selection, employee contributions and eligibility provisions. In addition, Mr. Klein calculates budgets and premium rates for employer health plans and estimates health care reform cost impacts to strategically minimize client exposure.

With the proposed senior management team, the City can be assured that all your needs and expectations will be met. They have extensive experience managing large engagements, specifically in the public sector environment. As a key component of this engagement, Segal has assembled this experienced senior team that will be engaged at various levels on your account and are instrumental in making this engagement successful.

Benefits Consultants & Analysts

Jennifer Slutzky, MPH is a Senior Health Consultant based in our Atlanta office. She will serve as a Consultant to the City. She will provide general support to the team and has expertise in compliance filings, annual renewal data collection/analysis, consumer driven health plans, local and national trend analysis, and request for proposals. Her clients include the Savannah Chatham County Public Schools (GA), Illinois Central Management Services, Alabama PEEHIP, Metropolitan Atlanta Rapid Transit Authority, and the City of Houston.

Jennifer worked closely with Laine on the procurements for Houston, Georgia and Illinois. She has marketed a number of voluntary products for other clients and provides day to day program administration.

Suzanne Bearden, MPA will serve as a Benefit Analyst. She will provide general support to the team on this project, and has expertise in compliance filings, annual renewal data collection/analysis, consumer driven health plans, local and national trend analysis, and request for proposals. Her clients include Pennsylvania Public School Employees' Retirement System, Chicago Transit Authority, City of Houston (TX), Alabama PEEHIP, City of Atlanta (GA), and Gwinnett County (GA).

Actuarial Consultants & Analysts

Paul Janus, ASA, ACA, MAAA is a Consulting Actuary in Segal's Atlanta office. He has 20 years of experience consulting with corporate, multiemployer and public sector plans.

Mr. Janus works on a variety of benefit strategy projects with a focus on health care, including benefit plan design reviews, development of pricing and contribution strategies, expected medical cost and utilization development, community rating financial projections, budgeting, claim reserving, performing bid solicitations for preferred provider organizations and other managed care organizations, and analyzing vendor responses to those solicitations.

His current and recent clients include the State of Wisconsin Employee Benefit Trust Fund, Alabama Public Education Employees Health Insurance Plan and Illinois Central Management Services.

Olga Ronsini, ASA is an Actuarial Analyst in our Atlanta office. She will provide a variety of actuarial functions, analytics and data management support to the team, and has experience in analyzing plan alternatives, budget projections, rate setting, and discount analysis. Her primary client assignments include Alabama PEEHIP, Illinois Central Management Services, Maryland Department of Budget and Management, Wisconsin Employee Trust Fund, and the City of Atlanta (GA).

PPACA/Compliance

At Segal, we bring a Public Sector focus to our compliance and Health Care Reform strategies. As new laws and regulations emerge, or are revised, we provide our public sector clients with the targeted advice and information they need. We monitor regulatory and legislative activity at both the federal and state levels, and can monitor state legislative activity specifically in Tennessee.

Compliance and Health Care Reform consulting will be led by **Mildeen Worell, JD**. Mildeen is a Vice President and Compliance Practice Leader in Segal's Washington, DC office. She has over 25 years of experience and has extensive expertise in the healthcare and benefits industries. Mildeen provides consulting services in the health and retirement areas to a number of corporate organizations, public sector entities, and collectively bargained health, pension and annuity funds.

Prior to joining Segal, Mildeen served as Senior Benefits Counsel to the U.S. House of Representatives Committee on Ways and Means from 1991-2009. Her tenure with the Committee spanned four Committee Chairmanships and five Administrations. She was prominently involved in the development of significant legislation, including the Affordable Care Act (ACA), Health Portability and Accountability Act (HIPAA), Consolidated Omnibus Budget Reconciliation Act (COBRA), Mental Health Parity and Addiction Equity Act (MHPAEA), Genetic Information Nondiscrimination Act (GINA), Women's Health and Cancer Rights Act (WHCRA), Family Medical Leave Act (FMLA), Employee Retirement Security Act (ERISA), Uniform Services Employment and Reemployment Rights Act (USERRA), and the Pension Protection Act (PPA). Prior to working with the Committee, she gained experience with Sutherland, Asbill & Brennan, a law firm, and completed a clerkship with the U.S. Tax Court.

Local compliance support will be led by **Joel Stouffer**. Joel is a Compliance expert in our Atlanta office with over 25 years of experience in the health care industry and 20 years of experience in health care compliance. He provides clients with technical expertise on employee benefits compliance and legislation affecting health and welfare plans. Joel assists clients with the preparation of plan documentation, including summary plan descriptions (SPDs), summaries of material modification (SMMs), plan amendments, government compliance filings, employee communications and administrative policies and procedures.

Joel's areas of expertise include ERISA, COBRA, HIPAA, Medicare and the Patient Protection and Affordable Care Act. He has experience working with consumer-driven health plans, health reimbursement arrangements, health savings accounts, Section 125 cafeteria plans and voluntary employees' beneficiary associations.

This team has consulted on compliance issues and provided Health Care Reform strategic solutions to a number of states, including Delaware, Maryland, New Hampshire, Michigan, Illinois, Alabama, Florida, and North Carolina.

Subject Matter Experts

Segal has a wide array of consulting talents. We have established a multi-talented team of Subject Matter Experts that can meet a variety of needs for the City, including Pharmacy, Wellness & Disease Management, Compensation, Retiree Health, legal/compliance, and voluntary benefits.

We have provided the City's Segal Team Resumes, to detail our team's experience, on the following pages.

Expertise

Ms. Ingle is a Health Consultant in Segal's Atlanta office with nearly 21 years of industry experience in Project Management and Human Resource Management. Her responsibilities include the strategic design and supervision of many different areas for health benefit plans, including health plan strategy, vendor evaluation and selection, implementation of new programs, and plan performance management.

She has directed implementations and assisted in the plan design and development of a broad scope of projects, including Intensive Case Management, Disease Management and Integrated Health and Productivity Management. Additionally, Laine has experience in serving as the day-to-day contact for public sector clients focusing on project management, vendor management, benchmarking of benefit plans and renewal marketing.

Ms. Ingle's public sector current and recent state clients include:

- Alabama Public Education Employees Health Insurance Plan
- City of Houston, TX
- Fulton County, GA
- Pennsylvania Public School Employees' Retirement System
- Metro Atlanta Rapid Transit Authority (MARTA)
- Gwinnett County, GA

Professional Background

Prior to joining Segal, Ms. Ingle was a Senior Consultant in the Government Programs Health Practice at a large consulting firm in Atlanta. She has worked extensively with states and other large governmental employers on the evaluation, design and operation of state health plans, on-site healthcare clinics, integrated health promotion and absence management programs as well as Specialty Disease Management and Care Management Programs.

Education/Professional Designations

Ms. Ingle received a BS in Broadcast Communications from Kennesaw State University. She has been a Georgia licensed agent since 2000, as well as holds licenses in Tennessee and Mississippi. She is an ISSA Certified Fitness Trainer and a student of the Certified Employee Benefits Specialist program.

Experience & Expertise

Mr. Vieira is a Senior Vice President and Consulting Actuary in Segal's Atlanta office with nearly 25 years of experience as an account manager, actuary and consultant. He serves as Co-East Region Public Sector Market Leader and is a member of the Public Sector Leadership Group and the East Management Team.

Mr. Vieira brings a full complement of actuarial and consulting expertise to his clients. He has extensive experience in strategic consulting, benefit plan design and evaluation, financial forecasting, trend analysis, risk profiling, new product design, plan rating, premium rate development, data analytics, retiree medical, statistical modeling, and other medical management programs.

Mr. Vieira's current public sector clients include:

- North Carolina State Health Plan
- Alabama Public Education Employees Health Insurance Plan
- State of Illinois – Department of Central Management Services
- State of Minnesota – Department of Health & Human Services
- State of Wisconsin – Department of Employee Trust Fund
- State of Kansas
- Metropolitan Atlanta Rapid Transit Authority (MARTA)
- Fulton County, GA

Mr. Vieira's clients have spanned a variety of public sector entities. He has worked for Medicaid agencies, school systems, community health departments, medical affairs, state health plans, CMS, etc.

In addition to his specialty in the governmental sector, Mr. Vieira has worked with large employers, healthcare providers and health plans. His varied projects have included packaging and pricing medical services, developing claims data reporting, utilizing risk management software, developing HMO rates and renewal support, and developing prospective payment systems.

Background

Prior to joining Segal, Mr. Vieira was the head of the Government Programs Health Practice at a large consulting firm in Atlanta. He has worked extensively with states and other large governmental employers on state health plans, Medicaid programs and a broad range of actuarial issues. With many of these states, Mr. Vieira served as both the account manager and actuary, and provided a wide array of strategic consulting.

Professional Qualifications

Mr. Vieira received a BS in Software Engineering from Syracuse University. He is a Fellow of the Society of Actuaries, a Member of the American Academy of Actuaries, a Fellow of the Conference of Consulting Actuaries, and a retired Enrolled Actuary. He is also a licensed Life and Health Insurance Consultant in Georgia, Tennessee, North Carolina and other states.

Expertise

Mr. Susseles joined the firm in 1992. He serves as Segal's National Practice Leader for Segal Waters Consulting. As a member of Segal's Public Sector Leadership Group, Mr. Susseles collaborates with benefits related Practice Leaders to shape Segal's total rewards consulting philosophy.

Clients

Administrative Office of the U.S. Courts
U.S. Office of Personnel Management
State of Alabama
State of Alaska
State of Arizona
State of Colorado
State of Colorado Judiciary
State of Georgia, Dept. of Audits & Accounts
State of Iowa
State of Maine Judiciary
State of Maryland, Dept. of Budget & Management
State of Maryland Judiciary
State of Massachusetts Department of Transportation
State of Massachusetts Office of the Treasury
State of Minnesota Judiciary
State of New Jersey Judiciary
State of North Carolina
State of Rhode Island
State of Tennessee
State of Washington
Government of the District of Columbia
Arlington County (VA)
Barry County (MI)
City/County of Denver (CO)
Fairfax County (VA)
Forsyth County (GA)
Kenosha County (WI)
Isabella County (MI)
Minnehaha County (SD)
Mohave County (AZ)
Pinal County (AZ)
Spotsylvania County (VA)
City of Baltimore (MD)
City of Bristol (CT)
City of Carrollton (TX)
City of Gaithersburg (MD)

City of Sioux Falls (SD)
City of Seattle (WA)
City of Sedona (AZ)
City of Sioux Falls (SD)
City of Solon (OH)
City of Wilmington (DE)
Ohio Public Employees Retirement System
Adams 12 School District (CO)
Arlington Public Schools (VA)
Boulder Valley Public Schools (CO)
Denver Public Schools (CO)
East Baton Rouge Parish School System (LA)
Jefferson County Public Schools (CO)
Lafayette Parish School System (LA)
Prince George's County Public Schools (MD)
Cuyahoga Library District (OH)
Parkland College (IL)
Central Ohio Transit Authority
Des Moines Area Regional Transit (IA)
Hillsborough Area Regional Transit Authority (FL)
Jacksonville Transportation Authority (FL)
Lehigh Northampton Airport Authority (PA)
Massachusetts Bay Transportation Authority
Massachusetts Department of Transportation
City St. Louis (MO)
New Jersey Turnpike Authority
Orange County Transportation Authority (CA)
Port Authority of Allegheny County (PA)
Port of Houston Authority (TX)
Regional Transit District (CO)
San Francisco Bay Area Rapid Transit (CA)
Southeast Louisiana Transit Authority
Virginia Railway Express (VA)
Washington City Area Transit Authority (DC)
Birmingham Water Works Board (AL)
Des Moines Water Works (IA)
Denver Water (CO)

City of Grand Rapids (MI)
City of Houston (TX)
City of Knoxville (TN)
City of Phoenix (AZ)
City of North Kansas City (MO)
City of Raleigh (NC)
City of San Marcos (TX)

DC Water & Sewer Authority
Easton Utilities Commission (MD)
Citypolitan District Commission (CT)
Prince William County Service Authority (VA)
Las Vegas – Clark County Library District

Professional Background

Prior to joining Segal, Mr. Susseles served as Associate Director of Labor Relations for the District of Columbia where he was responsible for the District's labor economics program in support of negotiations.

He has extensive experience in government finance and human resources including working for the Washington Citypolitan Area Transit Authority as a labor economist and with the New York City Transit Authority as Chief of the Office of Labor and Cost Analysis. Mr. Susseles served as Assistant Director of Research and Negotiations for AFSCME's New York City affiliate.

Mr. Susseles has served on the adjunct faculty of the City University of New York, The New School University, USDA Graduate School, Kingsborough Community College, and Prince Georges Community College.

Education/Professional Designations

Mr. Susseles graduated from Hofstra University with a B.A. in Economics and from New York University with an M.A. in Economics. He is a member of WorldatWork and the International Personnel Management Association – Human Resources (IPMA-HR). He is a Certified Compensation Professional (CCP).

Published Works/Speeches

- "Total Compensation, Cost Versus Value", IPMA-HR 2015 National Conference
- "How to Plan a Successful RIF to Meet Restructured Services," Total Rewards in Government, 2010.
- "Maintaining competitiveness in Tough Economic Times," NASPE 2010 National Conference
- "Managing through Fiscal Stress," IPMA-HR 2009 Training Conference.
- "Eight Steps to Instituting a Successful Reduction in Force, and One Interesting Alternative," IPMA-HR News, February 2009.
- "How Employees Value the Rewards of Their Work: Results from Segal's 2007 Public Sector Rewards of WorkSM," IPMA-HR Conference, October 2007.
- "It's Not Just About Pay," IPMA-HR News, June 2006.
- "The Key Role of Labor-Management Committees in Achieving Successful Negotiations," *IPMA-HR News*, August 2003.

Expertise

Ruth Ann Eledge is a Vice President of Segal Waters Consulting. In this role, she leads and oversees many of our Human Resources studies and compensation projects and works closely with the entire consulting team to ensure on-time delivery while meeting the quality requirements of our clients.

Clients

Anderson Public Library (IN)	College of the Mainland (TX)
Austin Employee Retirement System (TX)	Collin County Community College (TX)
Austin Energy (TX)	Colorado Springs Utilities
Bandera County Appraisal District (TX)	Columbus Water Works (GA)
Capital District Transit Authority (CDTA) (NY)	Comal County (TX)
City of Addison (TX)	C-TRAN (WA)
City of Auburn (AL)	El Paso City Employees' Pension Fund (TX)
City of Beeville (TX)	Fire and Police Pension Association of Colorado
City of Bryan (TX)	Floresville Electric (TX)
City of Cedar Hill (TX)	Gillespie County (TX)
City of Chandler (AZ)	Greenville Utilities Commission (NC)
City of Chapel Hill (NC)	Guadalupe Brazos River Authority (TX)
City of Charlotte (NC)	Harford Community College (MD)
City of Charlotte (NC) - Airport Authority	Harris County Appraisal District (TX)
City of Cibolo (TX)	Howard County (MD)
City of College Station (TX)	Indianapolis-Marion County Library System (IN)
City of Colorado Springs (CO)	Jackson County (TX)
City of Crowley (TX)	Jacksonville Port Authority (JAXPORT) (FL)
City of Danville (VA)	Jefferson County (CO)
City of Edinburg (TX)	Kansas City, Kansas Housing Authority
City of Farmers Branch (TX)	Karnes Electric Cooperative, Inc. (TX)
City of Fort Worth (TX)	Lake County (IL)
City of Fountain (CO)	Lamar University (TX)
City of Goleta (CA)	Lincoln County (SD)
City of Granbury (TX)	McKinley County (NM)
City of Greenville (NC)	City of Metropolitan Nashville Airport Authority (TN)
City of Greenville (SC)	Montgomery County 911 (TX)
City of Groves (TX)	Montrose County (CO)
City of Gun Barrel City (TX)	New Braunfels Utilities (TX)
City of Hondo (TX)	Niagara Frontier Transit Authority (NFTA) (NY)
City of Houston (TX)	North Carolina Education Lottery
City of Leon Valley (TX)	North Little Rock, Arkansas Housing Authority
City of Liberty (TX)	
City of Lufkin (TX)	
City of Lynnwood (WA)	
City of Mandeville (LA)	
City of Marana (AZ)	
City of Mesquite (TX)	

City of Missouri City (TX)
 City of Mont Belvieu (TX)
 City of Morgantown (WV)
 City of Oklahoma City (OK)
 City of Oro Valley (AZ)
 City of Overland Park (KS)
 City of Palo Alto (CA)
 City of Pecos City (TX)
 City of Peoria (IL)
 City of Portland (TX)
 City of Round Rock (TX)
 City of San Marcos (CA)
 City of Sierra Vista (AZ)
 City of Simpsonville (SC)
 City of Sugar Land (TX)
 City of Thibodaux (LA)
 City of Thornton (CO)
 City of Tyler (TX)
 City of Upper Arlington (OH)
 City of Victoria (TX)
 City of West University Place (TX)
 City of Wylie (TX)
 City of York (PA)

Northeast Community College (NE)
 Orange Water and Sewer District (NC)
 Pointe Coupee Parish (LA)
 Port of Houston Authority (TX)
 Raleigh-Durham Airport Authority (NC)
 Recreation & Park Commission for the
 Parish of East Baton Rouge (LA)
 Sacramento Regional Transit District (CA)
 San Miguel Electric Cooperative, Inc. (TX)
 State Universities Retirement System of
 Illinois (SURS)
 Tarrant County 9-1-1 (TX)
 Teacher's Retirement System of Illinois
 (TRS)
 Terrebonne Parish (LA)
 Texas A & M University – Libraries
 Texas Association of Public Employee
 Retirement Systems (TEXPERS)
 Texas Municipal Power Agency (TX)
 Toho Water Authority (FL)
 Town of Highland Park (TX)
 Village of Winnetka (IL)
 Career Source of Palm Beach County (FL)

Professional Background

Prior to joining Segal, Ms. Eledge worked at The Waters Consulting Group, one of the most experienced firms in public sector human resources and compensation consulting, which was acquired by Segal in 2014. Before joining Waters Consulting Group in 2000, Ms. Eledge served as the City of Austin's Director of Human Resources and Civil Service. Under her leadership, the City received an A+ rating from Governing Magazine for having a top Human Resource Department in 2000, an honor given only to two cities nationwide. Ms. Eledge has worked closely with various boards and commissions for the City of Austin, Texas, including the Civil Service Commission, Human Rights Commission, Mayor's Committee for Persons with Disabilities, and the City Council Affirmative Action Subcommittee.

Education/Professional Designations

Ruth Ann received her Master's degree (MPA) from Southwest Texas State University and her Bachelor's degree from the University of Texas at Austin.

Expertise

Linda G. Wishard serves as a Senior Consultant with Segal Waters Consulting. Ms. Wishard has extensive experience in the areas of compensation and benefits design, organizational design, Human Resources metrics, executive talent acquisition, employee relations, and performance management. Ms. Wishard is a strategic thinker and exceptional communicator, skilled in negotiations, staff coaching and development, as well as a strong administrator ensuring compliance with all applicable legal and governmental requirements.

Clients

City of Asheville (NC)	Hillsborough Area Regional Transit Authority (FL)
City of Chandler (AZ)	Howard County (MD)
City of Charlotte (NC)	Jackson County (TX)
City of Cibolo (TX)	Johnson County (TX)
City of Cleburne (TX)	Karnes Electric Cooperative, Inc. (TX)
City of Edinburg (TX)	Kenosha County (WI)
City of Greenville (NC)	Lexington County (SC)
City of Leon Valley (TX)	Lincoln County (SD)
City of Manassas (VA)	McKinley County (NM)
City of Marana (AZ)	Niagara Frontier Transit Authority (NY)
City of Missoula (MT)	North Carolina Education Lottery (NC)
City of Portland (TX)	North Little Rock, Arkansas Housing Authority (AR)
City of Round Rock (TX)	Recreation & Park Commission for the Parish of East Baton Rouge (LA)
City of San Marcos (TX)	Sacramento Regional Transit District (CA)
City of Sierra Vista (AZ)	Teacher's Retirement System of Illinois (IL)
City of Wylie (TX)	Texas A & M University – Libraries (TX)
Coachella Valley Water District (CA)	Town of Pecos City (TX)
Collin County Community College District (TX)	Career Source of Palm Beach County (previously Workforce Alliance) (FL)
Columbus Water Works (GA)	
Denton County Transportation Authority (TX)	
Floresville Electric (TX)	
Greenville Utilities Commission (NC)	
Harris County Appraisal District (TX)	

Professional Background

Ms. Wishard is a dynamic executive leader with more than 30 years' experience in delivering highly effective Human Resource solutions to both, private and public sector. Prior to joining Segal, Ms. Wishard worked at The Waters Consulting Group, one of the most experienced firms in public sector human resources and compensation consulting, which was acquired by Segal in 2014. Before joining The Waters Consulting Group in 2010, Ms. Wishard's career includes a number of senior executive positions including Vice President of Human Resources of the National Western Life Insurance Company, Director of Human Resources with the Financial Industries Corporation, Vice President People at La Petite Academy, Inc., VP Human Resources at Taco Cabana, a multi-state restaurant chain with annual sales of \$150M. In addition, Ms.

Wishard has held a number of senior positions in non-profit and public sector organizations, including the Lakeway Church and the Lakeway Municipal Utilities District.

Education/Professional Designations

Ms. Wishard has been recognized by Notable American Women, Who's Who in the South and Southwest. Her certifications include SPHR certification, CCP certification, SHRM-SCP certification, IAML Employment Law certification, ACS, PCS and ALMI designations (LOMA), American Society of Training and Development. Linda received her Bachelor's degree from the University of Texas and her Master's degree from the University of Southern California.

Speeches

- "The Boss Will See You Now: Transforming Your Culture by Training Better Leaders", American Public Power Association (APPA) Annual Conference, September, 2015.

Expertise

Mr. Klebba is an Associate Consultant with Segal Waters Consulting, with more than 25 years of human resources experience.

Professional Background

Prior to joining Segal, Mr. Klebba worked for the City of Grand Rapids (MI) as a Senior Human Resources Analyst managing the City's 1,550 employees, working with 8 labor unions and 13 bargaining units. Previously, Mr. Klebba was the Assistant Director of Human Resources for Ingham County (MI).

Education/Professional Designations

Mr. Klebba received his Bachelor's degree from the Michigan State University and is a member of the Michigan Public Employer Labor Relations Association and the International Public Management Association. Additionally, Brian was a past member of the Michigan Association of County Personnel Officers Association; past Program Chair and President and past Advisory Board Member, Davenport University, Lansing Campus, Curriculum of the Development and Community Outreach.

Speeches and Published Works

- "Citywide Transformation with the Implementation of a 311 Customer Service initiative". A paper to describe, leverage and justify the creation and implementation of the 311 model of customer service.
- "Executive Management Flexible Compensation Methods". A plan for the reorganization of classification of Executive, Senior level Department Directors and Managers allowing for flexible compensation levels by assignment.

Expertise

Joyce C. Powell is a Senior Compensation Analyst in with more than 20 years of hands-on compensation experience, ten of which have been in the public sector. Her expertise includes conducting market analyses; designing pay structure; conducting FLSA classification reviews and internal equity reviews; developing and costing pay plan implementation scenarios; writing job descriptions; developing custom survey documents, and developing affirmative action plans. She is also experienced in job analysis and job evaluation.

Clients

Capital District Transit Authority (CDTA) (NY)	College of the Mainland (TX)
City of Addison (TX)	Colorado Springs Utilities
City of Auburn (AL)	Comal County (TX)
City of Beeville (TX)	Fire and Police Pension Association of Colorado
City of Cedar Hill (TX)	Gillespie County (TX)
City of Chapel Hill (NC)	Guadalupe Brazos River Authority (TX)
City of Charlotte (NC) - Airport Authority	Harford Community College (MD)
City of Cibolo (TX)	Indianapolis-Marion County Library System (IN)
City of Colorado Springs (CO)	Jacksonville Port Authority (JAXPORT) (FL)
City of Crowley (TX)	Jefferson County (CO)
City of Danville (VA)	Kansas City, Kansas Housing Authority
City of Farmers Branch (TX)	Lake County (IL)
City of Fountain (CO)	Lamar University (TX)
City of Greenville (NC)	McKinley County (NM)
City of Greenville (SC)	City of Metropolitan Nashville Airport Authority (TN)
City of Hondo (TX)	Montgomery County 911 (TX)
City of Leon Valley (TX)	Montrose County (CO)
City of Liberty (TX)	New Braunfels Utilities (TX)
City of Lufkin (TX)	Niagara Frontier Transit Authority (NFTA) (NY)
City of Lynnwood (WA)	North Carolina Education Lottery
City of Marana (AZ)	North Little Rock, Arkansas Housing Authority
City of Mesquite (TX)	Northeast Community College (NE)
City of Missouri City (TX)	Orange Water and Sewer District (NC)
City of Morgantown (WV)	Pointe Coupee Parish (LA)
City of Oklahoma City (OK)	Sacramento Regional Transit District (CA)
City of Oro Valley (AZ)	San Miguel Electric Cooperative, Inc. (TX)
City of Overland Park (KS)	State Universities Retirement System of Illinois (SURS)
City of Peoria (IL)	Tarrant County 9-1-1 (TX)
City of Portland (TX)	Teacher's Retirement System of Illinois
City of Round Rock (TX)	
City of San Marcos (CA)	
City of Sierra Vista (AZ)	
City of Simpsonville (SC)	
City of Sugar Land (TX)	
City of Thibodaux (LA)	
City of Thornton (CO)	

City of Upper Arlington (OH)

City of Victoria (TX)

City of West University Place (TX)

City of York (PA)

(TRS)

Texas Municipal Power Agency (TX)

Town of Highland Park (TX)

Village of Winnetka (IL)

Career Source of Palm Beach County (FL)

Professional Background

Prior to joining Segal, Ms. Powell served as an independent consultant working for private and public sector organizations in a variety of industries including energy and oil, health care, information services, defense, insurance, transportation, and higher education. Prior to consulting, she served as the Supervisor of Compensation and EEO for a subsidiary of a Fortune 500 company.

Education/Professional Designations

Ms. Powell attended West Texas A&M University in Canyon, Texas. She has been a Certified Compensation Professional since 1990 and is an active member of WorldatWork and the North Texas Compensation Association. She is also an active member of the Society for Human Resource Management and the Dallas Human Resources Management Association.

Speeches and Published Works

Ms. Powell has co-authored articles in ICMA's The Municipal Year Book: "Salaries of Municipal Officials, 2008"; "Salaries of Municipal Officials, 2009;" and "Salaries of Municipal Officials, 2010."

Expertise

Cristy Reetz serves as a Senior Compensation Analyst at Segal Waters Consulting. She develops custom compensation programs to meet our client's strategic goals and philosophy. In her time with Segal Waters, Cristy has worked on numerous cases involving classification, compensation, job evaluation, FLSA, organizational, and staffing analyses.

Clients

Anderson Public Library (IN)	Colorado Springs Utilities
Arlington Public Schools (VA)	Columbus Waters Works (GA)
Barry County (MI)	Deschutes County (OR)
Boulder County (CO)	Denver Water (CO)
Career Source of Palm Beach County (FL)	Floresville Electric (TX)
City of Addison (TX)	Harris County Appraisal District (TX)
City of Auburn (AL)	Hillsborough Area Regional Transit Authority (FL)
City of Avondale (AZ)	Isabella County (MI)
City of Bryan (TX)	Jackson County (TX)
City of Charlotte (NC)	Johnson County (TX)
City of Charlotte (NC) - Airport Authority	Lake County (IL)
City of College Station (TX)	Lexington County (SC)
City of Colorado Springs (CO)	Lincoln County (SD)
City of Concord (NC)	Maine Judicial Branch (ME)
City of Durham (NC)	McKinley County (NM)
City of Edinburg (TX)	Citypolitan Nashville Airport Authority (TN)
City of Goleta (CA)	Minnesota Judicial Branch (MN)
City of Goodyear (AZ)	Niagara Frontier Transit Authority (NY)
City of Granbury (TX)	North Carolina Education Lottery
City of Grand Rapids (MI)	North Little Rock Housing Authority (AK)
City of Gun Barrel City (TX)	Port of Houston Authority (TX)
City of Lynnwood (WA)	Raleigh-Durham Airport Authority (NC)
City of Mandeville (LA)	Recreation & Park Commission for the Parish of East Baton Rouge (LA)
City of Marana (AZ)	Santa Barbara County (CA)
City of Missoula (MT)	State of Minnesota Judicial Branch
City of Missouri City (TX)	State of Washington
City of Pecos City (TX)	Texas Association of Public Employee Retirement Systems
City of Peoria (IL)	Teacher's Retirement System of Illinois
City of Poway (CA)	Texas A & M University - Libraries
City of Prescott (AZ)	Toho Water Authority (FL)
City of Round Rock (TX)	
City of Santa Cruz (CA)	
City of Wylie (TX)	
Bandera County Appraisal District (TX)	
Coconino County (AZ)	
Collin County Community College (TX)	

Professional Background

Cristy's background includes a logistics position on a U.S. Senate campaign, assisting a former St. Paul, MN mayor and performing multiple administrative and project related duties for The League of Women Voters Minnesota, whose work focuses on public interest lobbying and voter service.

Education/Professional Designations

Cristy Reetz received her B.A. in Social Science from Citypolitan State University in St. Paul, MN. Her major emphasis being research methodologies in Political Science, including successful completion of a capstone project involving Comparative Politics and Employment Legislation. Cristy is a member of WorldatWork and is in process of attaining her Certified Compensation Professional (CCP) designation.

Expertise

Mrs. Ogbazi joined Segal Waters Consulting in January 2016. As a Compensation Analyst, Fredericka performs analytical work for total compensation market studies and job classification analysis.

Clients

City of Goodyear (AZ)
City of Grand Rapids (MI)
County of Santa Barbara (CA)
Deschutes County (OR)
Toho Water Authority (FL)

Professional Background

Before joining Segal Waters, Fredericka worked as proposal assistant developing proposals and the production process relating to responses to government and commercial Requests for Proposals (RFPs) and various types of procurement requests.

Education

Fredericka earned a Bachelor's degree from the University of Illinois at Chicago and a Master's degree in Education (M.Ed.) from DePaul University. Fredericka is currently working towards earning her Master in Public Affairs (MPA) at the University of Texas at Dallas.

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Expertise

Holly joined Segal Waters Consulting in August 2016 as a Compensation Analyst within their consulting group. She performs analytical work for total compensation market studies and job classification analysis.

Clients

City of Fort Lauderdale (FL)
Columbus Water Works (GA)
Shelby County Government (TN)
Orange County Utilities (FL)

Professional Background

Before joining Segal Waters, Holly worked as a Compensation Analyst for Tenet Healthcare, a multinational healthcare services company based in Dallas, where she provided analytical support to multiple hospital and related entities across the United States in the design, implementation, and monitoring of compensation programs for union and non-union employee groups.

Prior to her work with Tenet Healthcare, Ms. Waggoner served as an Associate within KPMG's Advisory Services practice focusing on banking and energy-services clients. While there, she assisted a variety of Fortune 500 firms in addressing functional challenges through strategy revisions, reconsidered business models, and remediation efforts.

Education

Holly earned a Bachelor's degree from Indiana University in Bloomington.

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Expertise

Mr. Williams joined Segal Waters Consulting in July 2016 as a Compensation Analyst. He performs analytical work for total compensation market studies and job classification analysis.

Clients

Deschutes County (OR)

City of Avondale (AZ)

Professional Background

Before joining Segal Waters, Derrick worked as a Humans Resources Consultant for Grismer Tire, Big Sky Environmental, and Buckeye Health where he performed budgetary and staffing analyses to identify methods of improving efficiency and effectiveness throughout the companies' offices and functions. His role involved facilitating strategic, administrative, and organizational change to better his clients' strategic vision, scope, and mission.

Prior to his work as a Consultant, Mr. Williams served in the United States Navy for twenty years, including duty as a Combat System Coordinator and Petty Officer First Class in the Combat Systems and Engineering Departments.

Education

Derrick earned a Bachelor's degree from Park University and a Master's degree in Public Administration (MPA) from American Public University in Charles Towne, West Virginia. Derrick has also achieved the Senior Professional in Human Resources (SPHR) certification from the Human Resources Certification Institute.

Expertise

Ms. Sander is a Senior Health Consultant in Segal's Atlanta office with over 25 years of experience as an underwriter, consultant, and account manager. She is a member of the East Region Health Practice and provides benefits consulting to public sector entities and corporate firms.

Ms. Sander has a strong technical underwriting background and brings a full complement of consulting expertise to her clients. She has extensive experience in strategic consulting, benefit program/plan design and evaluation, financial forecasting, trend analysis, plan rating, premium rate development, data analytics, vendor selection and management.

Ms. Sander's recent clients include:

- City of Houston, TX
- Fulton County, GA
- Alabama Public Education Employees Health Insurance Plan (PEEHIP)
- State of Wisconsin
- Association of American Medical Colleges (AAMC)

In addition, Ms. Sander works with large national and international corporations, local governments and school systems, university systems, and hospital/medical systems.

She works with clients on projects including packaging and pricing health programs (medical, Rx, Wellness/DM, Telemedicine, onsite clinics, Dental, Vision, EAP), designing and evaluating ancillary benefit programs (Life/AD&D, Disability, FMLA, supplemental benefits), evaluating the potential financial impact of PPACA legislation, and developing customized reports.

Professional Background

Prior to Segal, Ms. Sander served as a Senior Consultant at another major consulting firm, specializing in medical, prescription, wellness, and other health and welfare benefits. She was responsible for benefit design modeling, vendor management, cost projections, and strategic planning, among other tasks.

Education/Professional Designations

Ms. Sander received a BA in Economics from The University of Georgia. She has earned a Fellowship of Life Management Institute (FLMI) designation, and is a licensed Life and Health Insurance Consultant in 15 states

Expertise

Ms. Slutzky is an Associate Health Consultant in Segal's Atlanta office with over 15 years of experience in the employee benefits field. She currently consults on and evaluates retiree health options, Medicare Advantage and Prescription Drug Plan solutions and assists with valuating medical management programs and health plan strategies.

Ms. Slutzky works with clients across Segal's multiemployer, public sector and corporate markets. She performs PBM RFP analyses as well as reviews and assessments of PBM contract terms to determine areas that can be improved to better meet a plan's needs, enhance performance, reduce costs and improve quality. She has also performed RFP analysis for stop loss, life and AD+D insurance, dental, vision and independent review organization coverages to assist clients in selecting vendors. Ms. Slutzky's expertise includes training and development, managed care analysis and assessment, Health Insurance Portability and Accountability Act (HIPAA) privacy and security compliance assessment, and Pharmacy Benefit Manager (PBM) consulting services.

Jennifer has worked on procurements for numerous products and size clients - most recently her experience includes NC State Health Plan, Metro Atlanta Rapid Transit Authority (MARTA), City of Houston (TX), Gwinnett County (GA), and the State of Alabama (PEEHIP)

Professional Background

Ms. Slutzky has contributed to several company initiatives that provided value for our clients. She designed, managed, and served as a coach for the company's health training program curricula for over 250 health practitioners. She also researched various health care topics and their relevance to plan sponsors.

Ms. Slutzky's past roles at Segal included streamlining Segal's national template of Preferred Provider Organization (PPO) bid specifications, which assisted clients in gathering effective information in order to select the most optimal vendor for their plan. She also developed report templates to facilitate consulting on emerging health issues under Affordable Care Act (ACA), provided technical and consulting assistance for select client projects, and created and updated health benefit benchmarks

Education/Professional Designations

Ms. Slutzky received a BS degree from Emory University and a Masters of Public Health degree in Health Policy and Management from Emory University's Rollins School of Public Health.

Expertise

Ms. Bearden joined the Washington, DC office of The Segal Company in 2007 as a Public Sector Benefits Consultant. She later moved to the firm's Atlanta office, where she currently works as a Benefits Consultant and Public Sector Proposal Coordinator. Ms. Bearden has experience in health care administration, proposal coordination, budget development, legislative policy, public relations, and employee benefits insurance.

Suzanne has worked on procurements for numerous products and size clients - most recently her experience includes North Carolina State Health Plan, Pennsylvania Public School Employees' Retirement System Health Options Program, Campbell Soup, State of Alabama (PEEHIP), City of Houston (TX), and MARTA.

Professional Background

Prior to joining Segal, Ms. Bearden worked with an insurance carrier, managing implementation tasks for clients with consumer driven health plans, including improvement initiatives related to project management. She previously worked as a Legislative Analyst for the Centers for Medicare and Medicaid Services (CMS) Legislative Office, where her responsibilities included responding to Congressional inquiries and a focus on Medicaid issues, and for the Department of Health and Human Services (HHS), where she acted as a Liaison between the Agency and Congress. At the HHS, Ms. Bearden's responsibilities included clearing rules and regulations, analyzing proposed and passed legislative acts, and providing the Administrator with various policy/legislative information and Congressional correspondence.

Education/Professional Designations

Ms. Bearden received her Masters of Public Administration with a concentration in Health Care at James Madison University. She received a BA in Political Science from the University of Mississippi, and is a licensed Life and Health Insurance Consultant

Expertise

Mr. Klein is a Senior Health Consultant in Segal's Atlanta office with nine years of experience. He has specialized expertise in employee benefit strategy, vendor negotiation, and cost projections. Mr. Klein works with clients by certifying estimated incurred but not paid reserves as well as the claims/premium assumptions used in retiree health valuations. He also helps develop employer health care strategies for active and retiree benefit programs, including plan offerings, vendor selection, employee contributions and eligibility provisions. In addition, Mr. Klein calculates budgets and premium rates for employer health plans and estimates health care reform cost impacts to strategically minimize client exposure.

Professional Background

Prior to Segal, Mr. Klein served as a Senior Consultant at Aon Hewitt where he served as the lead actuary and performed actuarial analyses for midsize private sector and public sector clients as well as large state health plans.

Education/Professional Designations

Mr. Klein holds a BS in Actuarial Science from Illinois State University. He is a Fellow of the Society of Actuaries and Member of the American Academy of Actuaries.

Expertise

Mr. Janus is a Consulting Actuary in Segal's Atlanta office. He has 20 years of experience consulting with corporate, multiemployer and public sector plans.

Mr. Janus works on a variety of benefit strategy projects with a focus on health care, including benefit plan design reviews, development of pricing and contribution strategies, expected medical cost and utilization development, community rating, financial projections, budgeting, claim reserving, performing bid solicitations for preferred provider organizations and other managed care organizations, and analyzing vendor responses to those solicitations.

Mr. Janus serves as an integral member of Segal's data analytics team, developing strategies and capabilities to assess the health characteristics of working age populations and their dependents. This effort includes the development of tools and reporting methodologies to support general and advanced health care consulting (e.g., identifying cost drivers, measuring the effect of predictive modeling, etc.) Mr. Janus also performs multiple medical data mining analyses for large Taft-Hartley welfare funds. The results of these studies have succeeded in identifying disease prevalence, uncovering utilization efficiency issues, which has led to the implementation of disease management strategies, wellness initiatives and the tailoring of benefit plans to better address population characteristics.

Mr. Janus serves as a National Health Practice expert on medical claim analysis, provider fee analysis, Medicare fee reimbursement, and trend and reserve requirements.

His current and recent clients include:

- City of Houston, TX
- State of Wisconsin Employee Benefit Trust Fund
- Alabama Public Education Employees Health Insurance Plan
- Illinois Central Management Services

Professional Background

Mr. Janus first joined Segal's Chicago office in 2001. Prior to that, he had worked at Ernst & Young. Mr. Janus recently consulted at Optum for Accountable Care Organizations (ACOs), and returned to Segal in 2015.

Education/Professional Designations

Mr. Janus received a BA in Mathematics from Augustana College. He is an Associate of the Society of Actuaries, an Associate of the Conference of Consulting Actuaries and a Member of the American Academy of Actuaries.

Expertise

Ms. Ronsini joined is an Actuarial Analyst in Segal's Atlanta office. Her past, and current, responsibilities include performing technical work and review for actuarial valuations, actuarial assumptions studies and related projects, including:

- Retiree Medical (OPEB) Valuations;
- Expense and revenue projections for self-funded health plans;
- Estimating IBNR reserves;
- Conducting Actuarial Attestations in support of Retiree Drug Subsidy applications; and
- Processing and analyzing health claims data.

Olga has worked on procurements for numerous products and size clients - most recently her experience includes the State of Maryland - Department of Budget and Management, North Carolina State Health Plan, State of Wisconsin - Department of Employee Trust Fund, State of Alabama (PEEHIP) and the State of Illinois - Department of Central Management Services.

Her current clients include:

- City of Houston (TX)
- City of Atlanta (GA)
- Gwinnett County (GA)
- Fulton County (GA)

Professional Background

Prior to joining Segal, Ms. Ronsini was a Sales Coordinator at Gallaher Liggett-Ducat (Russia), where she provided operational support for a local branch of an international tobacco company.

Education/Professional Designations

Ms. Ronsini graduated with an MA in Applied Mathematics from Yaroslavl State University (Russia).

Expertise

Ms. Worrell is a Vice President and Compliance Practice Leader in Segal's Washington, DC office. She has over 25 years of experience and has extensive expertise in the healthcare and benefits industries. Ms. Worrell provides consulting services in the health and retirement areas to a number of corporate organizations, public sector entities, and collectively bargained health, pension and annuity funds.

Professional Background

Prior to joining Segal, Ms. Worrell served as Senior Benefits Counsel to the U.S. House of Representatives Committee on Ways and Means from 1991-2009. Her tenure with the Committee spanned four Committee Chairmanships and five Administrations. She was prominently involved in the development of significant legislation, including the Affordable Care Act (ACA), Health Portability and Accountability Act (HIPAA), Consolidated Omnibus Budget Reconciliation Act (COBRA), Mental Health Parity and Addiction Equity Act (MHPAEA), Genetic Information Nondiscrimination Act (GINA), Women's Health and Cancer Rights Act (WHCRA), Family Medical Leave Act (FMLA), Employee Retirement Security Act (ERISA), Uniform Services Employment and Reemployment Rights Act (USERRA), and the Pension Protection Act (PPA). Prior to working with the Committee, she gained experience with Sutherland, Asbill & Brennan, a law firm, and completed a clerkship with the U.S. Tax Court.

Education/Professional Designations

Ms. Worrell received a BBA in Accounting from the University of Massachusetts, Amherst where she graduated *cum laude*. She also holds a JD from Boston University School of Law and an LL.M. from New York University School of Law. Ms. Worrell is a member of the Massachusetts Bar, and was elected Tax Lawyer of the Year by the National Bar Association in 2008. She has previously served as Chair to the ERISA Advisory Council and Advisor to the Secretary of Labor on retirement and health issues. Ms. Worrell is currently an adjunct professor at the University of Baltimore School of Law, where she teaches employee benefits law and the role of government agencies in developing statutory guidance and compliance enforcement.

Expertise

Joel Stouffer is a Compliance Specialist in Segal's Atlanta office with over 25 years of experience in the health care industry and 20 years of experience in health care compliance. He provides clients with technical expertise on employee benefits compliance and legislation affecting health and welfare plans. Mr. Stouffer assists clients with the preparation of plan documentation, including summary plan descriptions (SPDs), summaries of material modification (SMMs), plan amendments, government compliance filings, employee communications and administrative policies and procedures.

Mr. Stouffer's areas of expertise include ERISA, COBRA, HIPAA, Medicare and the Patient Protection and Affordable Care Act. He has experience working with consumer-driven health plans, health reimbursement arrangements, health savings accounts, Section 125 cafeteria plans and voluntary employees' beneficiary associations.

Mr. Stouffer's areas of expertise include ERISA, COBRA, HIPAA (including portability, non-discrimination, privacy and opt-out for governmental plans), Medicare (including Medicare Part D, the Retiree Drug Subsidy and Section 111 Mandatory Secondary Payer Reporting) and the Patient Protection and Affordable Care Act. He also has experience working with consumer-driven health plans, such as flexible spending accounts (FSAs), health reimbursement arrangements (HRAs), and health savings accounts (HSAs); Section 125 (cafeteria) plans; and retirement health voluntary employees' beneficiary associations (VEBAs).

His recent public sector clients include the State of Delaware Group Health Insurance Program, the Florida Division of State Group Insurance, the New Hampshire State Employee and Retiree Health Benefit Program and the North Carolina State Health Plan, as well as various local governments.

Professional Background

Prior to joining Segal, Mr. Stouffer worked with three national insurance companies, tracking state and federal laws and working with state insurance commissioners to ensure the compliance of company documents, policies, and procedures.

Education/Professional Designations

Mr. Stouffer graduated cum laude from Virginia Tech. He completed the FLMI Insurance Education Program's "Fundamentals of Life and Health Insurance" curriculum of courses and received his certification, and has completed coursework in Paralegal Studies at the USDA Graduate School. Mr. Stouffer is licensed by the State of Georgia as a Resident Agent for Life, Accident, and Sickness insurance.

Expertise

Dr. Paralkar's areas of expertise include health care informatics, medical management program design, clinical operations, benefit plan design and network management strategies to optimize health improvement while containing costs, and evaluation and implementation of disease management and wellness programs based on evidence based medicine (EBM) protocols.

A sample of recent clients work includes:

- North Carolina State Health Plan
- State of Wisconsin – Department of Employee Trust Fund
- Alabama Public Education Employees Health Insurance Plan
- State of Maryland - Department of Budget and Management
- State of South Dakota
- State of Kansas
- City of Chicago

Professional Background

Dr. Paralkar's extensive experience in health care operations, informatics, and consulting includes positions at UnitedHealth Group (UHG) and Ingenix, where she provided clinical expertise to clients in the payer, provider, public sector, and employer markets. Prior to Ingenix, Dr. Paralkar was at Optum, another UHG company, where she served as Director of Product Development for the Care Management suite of products and was also responsible for the Care Management ROI model.

Prior to joining UHG, Dr. Paralkar worked at a Fortune 500 company, International Truck and Engine Corporation (Navistar, formerly known as International Harvester), in various capacities for six years. The last position Dr. Paralkar held at Navistar was Associate Medical Director, responsible for occupational health and disability, on-site wellness programs, health benefits plan design, and health care purchasing.

Education/Professional Designations

A native of Mumbai (Bombay), India, Dr. Paralkar completed her medical internship in 1992 at L.T.M. General Hospital of University of Bombay, India after earning her baccalaureate degree in Medicine and Surgery from the same institution in 1990.

As a licensed family practitioner, some of Dr. Paralkar's public health achievements include implementation and evaluation of immunization programs in rural India. In 1995, she completed a Master of Science degree in Public Health from the University of Illinois at Urbana-Champaign focusing on health data analysis and epidemiology. Part of her analytic research on health communications in the mass media was funded by the National Institutes of Health. Dr. Paralkar also completed an MBA with a focus on Health Industry Management and Marketing from the prestigious Kellogg School of Management of Northwestern University in 2003.

Dr. Paralkar is a member of the American Public Health Association, American College of Occupational and Environmental Medicine, The Institute of Medicine of Chicago, American Association of Physicians from India, and Women Business Leaders of the U.S. Health Care Industry Foundation

Published Work/Speeches

Dr. Paralkar has published several articles on Health and Productivity in peer-reviewed journals and is a frequent speaker at national conferences concerning health care. Past speaking engagements include the Society of Actuaries conference and the ACOEM (American College of Occupational and Environmental Medicine) conference.

Examples of Dr. Paralkar's recent publications include:

- "Genetic Testing: An Ever-Evolving Health Field Raises Complex Coverage Issues," By Dr. Sadhna Paralkar and Joanne Hustead, *Benefits Law Journal*, Spring 2011
- "Why Health Care Costs Keep Rising—And What to Do About It," *SHRM Online*, May 1, 2009
- "While We're Waiting for Health Care Reform... Things We Can Do Now to Control Rising Costs," *Employersweb*, June 11, 2009

Expertise

Mr. Singer is a Senior Vice President and Benefits Consultant in Segal's New York office. He is also the Company's New York Region Public Sector Health Care Practice Leader. Mr. Singer works with large public sector health plans in the New York metropolitan area and is an expert on health, life and supplemental benefits plans as well as the administrative systems used in voluntary employee benefit programs. He is experienced in the development of PPOs, voluntary supplemental insurance plans for excess life insurance, disability plans, long term care plans, and other benefit and dental plans.

Larry has worked on procurements for voluntary products and size clients - most recently his are Texas ERS and the State of Alaska.

Mr. Singer works with several large clients including:

- State-Wide Schools Cooperative Health Plan
- Rensselaer Columbia Greene Health Insurance Trust
- Law Enforcement Health Benefits Plan (Philadelphia)
- Philadelphia Fire Fighters Health Plan
- New York State United Teachers Benefit Trust Fund
- United Federation of Teachers Welfare Fund (New York City)
- United University Professions Dental Fund (State University of New York)

Professional Background

Before joining The Segal Company, Mr. Singer worked as a Systems Analyst for a major data processing firm. .

Education/Professional Designations

Mr. Singer received a BA in Economics and an MBA in Systems Organization and Management from Syracuse University (1973 and 1976). He has taught at the New York Institute of Technology in the School of Labor Relations and at the New School University in the Milano Graduate School of Management and Urban Policy.

Expertise

Dr. Vyas is a Clinical Pharmacy Consultant in Segal's Chicago office with over 15 years of experience. He is a member of Segal's National Pharmacy Consulting practice and assists clients in optimizing benefit design and drug mix. He provides consulting services that incorporate advanced data analytics with the latest best-practice guidelines for clinical pharmacy. Dr. Vyas' client engagements include Pharmacy Benefit Manager bid procurement, claims auditing and general pharmacy consulting. He has experience working with a wide variety of plan sponsors (including multiemployer, corporate, public sector and coalitions) and the Pharmacy Benefit Managers who service them.

Professional Background

Prior to his role as a Clinical Pharmacy Consultant, Dr. Vyas completed a post-doctoral residency-training program in pharmacy benefits consulting under Segal's National Pharmacy Practice Leader. He has also worked for Astellas Pharmaceuticals in their Scientific Affairs department and has several years of experience working in a community setting for Walgreens Pharmacy.

Education/Professional Designations

Dr. Vyas received both his Doctor of Pharmacy and his BS in Biochemistry from the University of Illinois at Chicago. Dr. Vyas is a licensed pharmacist in the state of Illinois and is a certified immunizer through the American Pharmacist Association (APhA). He is also a licensed as a Life, Accident & Health Producer. Dr. Vyas is also an active member of the Academy of Managed Care Pharmacy (AMCP).

Published Work/Speeches

Dr. Vyas has spoken on a variety of prescription drug benefits topics at the University of Illinois at Chicago College of Pharmacy where he gives an annual lecture on managed care pharmacy. He also published a study through the Academy of Managed Care Pharmacy titled: "Controlling Fraud and Abuse in the Prescription Drug Benefit with the use of Pharmacy Locks."

Expertise

Mr. Bognar is the lead Pharmacy Benefits Consultant for Segal's Eastern Region, based in Washington, D.C. He has worked with managed prescription drug programs since 1994, with special emphasis on plan benefit design and cost reduction strategies. His current focus is the evaluation of PBM services, plan design strategies, and health management. He is a member of Segal's National Prescription Consulting Group.

A sample of Mr. Bognar's current clients are:

- Georgia State Health Benefit Plan
- North Carolina State Health Plan
- City of Houston (TX)
- Alabama Public Education Employees Health Insurance Plan
- Pennsylvania Public School Employees' Retirement System
- Maryland Department of Budget and Management
- State of Delaware

Professional Background

Prior to joining The Segal Company, Mr. Bognar served for 12 years in various financial, analytical, and account executive roles for a major PBM. He has worked with large clients within both the public and private sectors, as well as multi-employer clients on pharmacy issues ranging from plan design, trend analysis, clinical and health management programs, and Medicare Part D.

Education/Professional Designations

Mr. Bognar holds a BA in Economics from Rutgers University and a MBA from Cornell University. He is also a professional designee by the Academy for Healthcare Management

Expertise

Mr. Kaplan is a Vice President and Senior Consultant in Segal's Communications practice. He has over 20 years of consulting experience in the development and management of employee-focused communications strategy, tactics, and message creation. His consulting approach emphasizes the importance of using audience research (e.g., surveys, focus groups, one-on-one interviews) to gather the information needed to create targeted messages and content that raise awareness, influence thinking and change behavior.

Mr. Kaplan provides strategic counsel to clients on a wide range of employee communications issues and develops content for a broad array of media channels, including online/interactive, print, and face-to-face. His clients include Ball State University; Illinois Central Management Services; Yale-New Haven Health System; Dana-Farber Cancer Institute; The Ohio State University; Skidmore College; and the University of Arkansas System.

Professional Background

Prior to joining Segal, Mr. Kaplan provided employee communications counsel to clients with two other nationally known human capital consulting firms.

Education/Professional Designations

Mr. Kaplan received a BA in Psychology from Stony Brook University and an MA in Industrial/Organizational Psychology from the University of New Haven.

Published Works/Speeches

Mr. Kaplan's speaking engagements have included addresses to: the Council on Employee Benefits on increasing savings plan participation; the International Society of Certified Employee Benefit Specialists (Northern New Jersey Chapter) on "Communicating Tough Messages in Tough Times"; the New England Employee Benefits Council on "Communicating Health Care with Employees: From Need to Know to Full Disclosure"; and, the International Foundation of Employee Benefits Plans and the Association of Benefit Administrators (ABA) on "From 'Required' to 'Inspired': Moving Beyond the PPA'06 rules of Participant Communications." He has also published an article based on the latter speech in the ABA's quarterly newsletter.

Expertise

Mr. Hillard is a Vice President, National Communications, in Segal's Phoenix office with over 15 years of experience. He is responsible for the development, design, and implementation of communications strategies and initiatives for Sibson clients in Atlanta, Denver, Chicago, Phoenix, San Francisco, Washington, DC and Los Angeles. Mr. Hillard helps clients achieve their business goals and objectives in all areas of employee and management communications, including compensation, benefits and health care, strategic planning and execution. He also closely coordinates the involvement of Sibson's communications team with the firm's other professional practices and resources.

Professional Background

Before joining Sibson, Mr. Hillard served as the Communications Practice Leader for Hewitt Associates in The Woodlands, TX. His responsibilities were focused around benefits outsourcing, plan development and administration. He also served as Hewitt's Global Communications Leader for Corporate Restructuring and Change (M&A). Mr. Hillard provided both local and global communications expertise in merger transactions for companies including Chevron-Texaco, United-US Airways, Multipurpose Bank and Sabre-GetThere.com.

Education/Professional Designations

Mr. Hillard graduated from West Point in 1975. He received an MS in Systems Management from the University of Southern California and an MA in English Literature from the University of North Carolina at Chapel Hill.

Published Works/Speeches

Recent presentations and publications include:

- "Out with the Old - In With the New in Communications," International Foundation for Employee Benefit Plans (IFEBP) Annual Conference, Honolulu, HI, November 2015
- "Communicating Change and Essential Information," International Foundation of Employee Benefit Plans - Essentials of Multiemployer Trust Fund Administration, June 2015
- "Communicating in Uncertain Times," IFEBP Benefit Communication and Technology Institute, July 2014
- "Communicating ACA to Participants," IFEBP Trustees and Administrators Institutes, June 2014

Expertise

Ms. Flick joined The Segal Company's New York office in 1993 as a Health Consultant. She transferred to the National Health Services Practice in 1997 as Director of Health Technology Systems and was named Vice President in 1999.

Ms. Flick has special expertise in assisting clients with developing health care cost containment strategies, with an emphasis on pricing and plan design. In her capacity as Director of Health Technology Systems, she has managed the development of claims models for retiree health valuations, rate manuals for medical, prescription drug and dental programs, and health care benchmark database systems.

Ms. Flick was instrumental in helping the firm select a data management software partner to enable Segal to effectively analyze key data elements to help decision-makers take action to improve plan performance. Additionally, she has also actively project-managed a number of client engagements in utilizing this data mining software to determine underlying cost drivers, develop strategies for engaging participants in their own care, contain costs and improve patient outcomes.

Ms. Flick's current state clients include:

- State of Maryland - Department of Budget and Management
- North Carolina State Health Plan
- State of Wisconsin – Department of Employee Trust Fund
- Alabama Public Education Employees Health Insurance Plan
- State of Illinois – Department of Central Management Services

Professional Background

Prior to joining The Segal Company, Ms. Flick worked as a Benefits Consultant for a major accounting firm.

Education/Professional Designations

Ms. Flick received a BS in Mathematics and Statistics from the State University of New York at Stony Brook.

Expertise

Mr. Shaaya joined the Segal Company's Atlanta office in 2017 as a Senior Health Consultant.

Mr. Shaaya has more than 16 years of Data Analytics and Business Intelligence experience with a focus on Healthcare data management and actuarial support. Mr. Shaaya has broad experience of working in the private sector, such as employer funded health plans, and the public sector, such as State Health Plans and Medicaid programs. In his role as a Data Analyst, he has managed the development of several data warehousing solutions that provide data reporting, data aggregation, and model building capabilities to support client needs. In addition to providing technical and analytical solutions, Mr. Shaaya works closely with clients and data vendors to help establish a secure data transfer of historical, and on-going, enrolment and claims type data. The data procurement process also includes data scrubbing and loading, in addition to data profiling and validation.

Mr. Shaaya's main role is to help the firm select the appropriate data management solutions in order to effectively analyze key data elements and help decision-makers take action to improve plan performance. Additionally, throughout his career, he has managed a number of client engagements in utilizing data mining software to determine underlying cost drivers, develop strategies for engaging participants in their own care, contain costs, and improve patient outcomes.

Mr. Shaaya's current state clients include:

- North Carolina State Health Plan
- State of Wisconsin – Department of Employee Trust Fund
- Alabama Public Education Employees Health Insurance Plan

Professional Background

Prior to joining The Segal Company, Mr. Shaaya worked as a Data Analytics Senior Manager for a major consulting firm.

Education/Professional Designations

Mr. Shaaya received a MS in Information Technology from the American InterContinental University in Atlanta. Mr. Shaaya also hold a BS in Computer Engineering and is a certified Project Management Professional (PMP).

Expertise

Ms. Schatten is a Vice President and consulting actuary in our Atlanta office. She has 15 years of experience in working with public sector plans and employers.

Kirsten has conferred with many clients to develop innovative benefit designs and pricing strategies to meet unique requests. Most recently, she has assisted plans with consumerism strategies, population health education needs, quality of care initiatives, and drivers of health costs (including drivers of disease prevalence).

She has developed pricing for unprecedented models of care management programs, developed studies to quantify savings from consumer and wellness initiatives, negotiated reimbursement and risk sharing scenarios for managed payers and providers, performed market valuations of health plans for mergers and acquisitions, approved rate filings for DOIs and helped to develop strategies with legal counsel for public rate hearings.

Her experience also includes the analysis and implementation of Retiree medical and prescription drug strategies including coordination of Medicare Advantage plans and Medicare Part D and working extensively with Medicare Advantage plans providing development of business strategies, claims analysis, network strategies, and pricing.

Ms. Schatten's current and recent clients include:

- State of Maryland - Department of Budget and Management
- Georgia State Health Benefit Plan
- North Carolina State Health Plan
- State of Wisconsin – Department of Employee Trust Fund
- Kentucky Employees Benefit Plan
- Alabama Public Education Employees Health Insurance Plan
- State of Illinois – Department of Central Management Services
- Commonwealth of Virginia
- State of Kansas

Education/Professional Designations

Kirsten is an Associate of the Society of Actuaries and a Member of the American Academy of Actuaries. She holds a Bachelor of Business Administration degree in Risk Management/Insurance from the University of Georgia, and a Master of Actuarial Science degree from Georgia State University.

Expertise

Ms. Carter is a Vice President and Defined Contribution Director in the firm's Washington, D.C. office. She has over 30 years of retirement plan consulting and financial services experience with special expertise in public sector defined contribution plans. As the firm's Defined Contribution Director, Ms. Carter also specializes in enhancing the design and operation of government defined contribution plans

Professional Background

Prior to joining the firm, Ms. Carter was the Vice President of a major life insurance company, where she assisted defined contribution plan managers for 15 of the firm's largest clients (with assets exceeding \$14.5 billion and almost 500,000 DC plan participants). Ms. Carter also worked for a national benefits consulting firm, where she was the Principal and National Practice Leader of the company's public sector defined contribution consulting practice.

Education/Professional Designations

Ms. Carter received a BA in Political Science from the College of William and Mary. She is a Certified Retirement Administrator and a Certified Retirement Counselor, as well as a member of the International Foundation for Retirement Education. Ms. Carter is also a member of the National Association of Government Defined Contribution Administrators (NAGDCA) and a member of its Best Practices Task Force.

Expertise

Mr. Wohl is a Senior Vice President, Senior Benefits Consultant, and Regional Health Practice Leader in Segal's Washington, DC office. He specializes in active and retiree health and life benefits and is involved in health actuarial services both nationally and in the East Region. Mr. Wohl is a recognized expert on retiree health benefits and retiree health valuations and served as a technical resource to the Governmental Accounting Standards Board in its deliberations prior to the issuance of GASB 43 and GASB 45. He has been called as an expert witness regarding retiree health benefits and retiree health valuations.

Mr. Wohl serves as Consultant to numerous trust funds that provide health and/or life benefits to retirees and their dependents typically resulting from bankruptcy, collective bargaining or litigation. In many of these situations, Mr. Wohl led the Segal team that helped establish these plans, work that included providing assistance in drafting trust and plan documents, hiring plan and claim administrators, developing compliance policies, plan design decisions and communications. These trust funds provide benefits to certain retirees of Pan American Airways, Fairchild, Dana Corporation, General Motors, Unisys, Campbell Soup, Ford, Northwest Airlines and other retiree groups.

As Regional Health Practice Leader, Mr. Wohl leads a team that provides health consulting, analytical and actuarial expertise to all of Segal's East Region public sector, multiemployer, union and corporate clients. The team provides core services including but not limited to budget projections, rate setting, renewal analysis, procurements, retiree health valuations and reserve setting. The team provides specialized prescription drug consulting and total health management, and has introduced wellness and chronic care management to numerous clients.

Along with being an expert in retiree life and health valuations, Mr. Wohl also has extensive knowledge in developing client specified actuarial systems and the computer programs to implement those systems. He is part of the Segal team assigned to assess the value of health actuarial tools and processes, helping to determine what tools are needed and how best to develop such tools. He also practices in other areas including the development of HMO rates, reserve calculations, plan design, and all facets of health, life and disability benefits.

Mr. Wohl's current clients include:

- State of New Hampshire
- New Mexico Retiree Health Care Authority
- North Carolina State Health Plan
- State of Delaware
- Pennsylvania Public School Employees' Retirement Systems health Options Program

Professional Background

Prior to joining Segal, Mr. Wohl served in an actuarial management position with a major health and insurance company. He has also has experience in group insurance underwriting

Education/Professional Designations

Mr. Wohl received a BA in Mathematics from Trenton State College (Ewing, NJ) and an MS in Operations Research from Baruch College of the City University of New York. He is a licensed Life and Health Insurance Consultant in Maryland, Virginia, Washington, DC and other states

Expertise

Mr. Kaplan joined The Segal Group's National Health Practice as a Managed Care Consultant in 1993. He was promoted to Vice President in 1996 and became National Health Practice Leader in 2001. Mr. Kaplan has worked with managed care programs since 1986, with special emphasis on pricing and plan design strategies for managed medical, dental, and prescription drug programs. He works with national and local corporations, governments, and collectively-bargained plans. In 1996, Mr. Kaplan created the Segal Health Plan Trend Cost Survey, now a standard in the industry, and client appreciation and use of the survey has contributed to Segal's national reputation as a leader in prescription drug plan benefit consulting and pharmacy benefits management consulting.

Some of Ed's clients include the following:

- Public Schools Employees Retirement System (PA)
- NYC United Federation of Teachers
- Amtrak

Professional Background

Prior to joining Segal, Mr. Kaplan served as an Associate Manager of Underwriting for a major insurance carrier, where he helped to develop managed care plan designs, pricing techniques, and financial risk sharing arrangements. He also served as a Health Consultant for a major consulting firm, where he assisted in the development of rate manuals for managed medical, dental, and prescription drug programs and was involved in several special studies related to managed care, including studies on the prescription drug "shoebox" effect, HMO "skimming," and other issues.

Education/Professional Designations

Mr. Kaplan received a BA in Economics from Rutgers University.

Published Work/Speeches

Mr. Kaplan is often quoted in general business and employee benefit publications on managed care issues. He has authored articles and book chapters for several trade journals and publications, including Employee Benefits Handbook, published by WG&L, Trustees Handbook, published by the International Foundation of Employee Benefits, and Workspan magazine.

Tab 5 – Program Coverage Requirements

For each of the programs described in Paragraphs 3.2 and 3.3 of Section 0500 Scope of Work:

- *Describe your work plan by tasks. Detail the steps you will take in proceeding from task one to the final tasks. Include such time-related displays, graphs, and charts as necessary to show tasks, sub-tasks, milestones, and decision points related to the project and your plan for accomplishment.*
- *Specify the points at which written, deliverable reports will be provided.*
- *Show the amount of progress payments you are requesting upon the successful completion of milestones and/or tasks.*

The Consulting and Actuarial staff assigned will work directly with the City on all aspects of the program. The assigned City team will devote the time needed to the account, including being available for frequent telephone and on-site consultation with the City.

Laine Ingle, City of Austin's Account Manager, has assembled an interdisciplinary team of experts, with each member of the team having unique skills and expertise. Laine will be the day-to-day point of contact for the City and manage the Segal resources. The majority of your core Benefit Consulting team members are located in our Atlanta office, while Compensation is located in Dallas. However, we may at times draw on resources from other offices in order to bring the right expertise to a particular situation. Every member of your team is committed to be available in person, via phone or email as often as you deem necessary.

Your senior account team will be fully engaged during implementation. Laine will work closely with Ken Vieira (Executive Sponsor), Gina Sander (Lead Benefit Consultant) and Patrick Klein (Lead Actuary). With Laine's project management skills and Ken's experience transitioning accounts, we would foresee a very smooth implementation.

As mentioned early, Segal will have weekly scheduled project calls not only during implementation, but also throughout our contract. These calls will include all relevant team members that are working on your account.

We recognize that there will typically be a learning curve during the initial months of our partnership, and we anticipate spending as much time as is practical to ensure that we understand your plans as well as your organization so that we can best serve you for many years to come. We will make every effort to perform this "ramp up" quickly and efficiently to be ready for work.

Contact Exchange

As a first step, we will provide the City with a contact list of your primary Segal team members, including work phone numbers, cell phone numbers, email, and role. We will request a similar document from the City, so our communications can run smoothly. As part of our kickoff meeting and ongoing during the year, we will make sure to understand your preferred communication protocols (phone, email, etc.), so we can connect quickly and efficiently with you and your team.

Initial Research

Segal has already assembled some information while developing our proposal. We will work through that material in depth and compose a list of questions to make sure we understand your plan fully. These questions will be addressed at our kickoff meeting as well as at your convenience during the first few weeks of our engagement.

Our intake process includes a data “wish list” that will be reviewed with your team during the initial kick-off meeting. Your actuaries are highly knowledgeable with regard to the data needed to work with your plan and are very experienced in coordinating with our clients’ vendors to collect the information needed with minimal client assistance.

Documents in our “wish list” will include the most recent and comprehensive reports from the current vendors and actuary, in order to best familiarize ourselves with the current level of analysis and information flow concerning your plans. We will likely want historical actuarial reports to ensure that our new reports are consistent with expectations. This will also be necessary to discuss variances. Given that the Segal actuarial team has significant experience with large public plans, we would anticipate a very smooth transition.

Kickoff Meeting

The initial kickoff meeting serves as an opportunity for our respective teams to meet and become familiar, to clarify questions, to understand and adjust the scope of work to fit the City’s needs and to set up next steps for ongoing projects and tasks.

During the kickoff meeting, we will review and test our understanding of your programs and clarify particular questions we have developed during our initial research. We will discuss the role or roles you intend for us to take and how we can be most effective in supporting and guiding your decisions.

In addition, we will work through our review of your reports and discuss the level and types of reporting desired by the City and your expectation of Segal’s role in initiating, monitoring, producing analyzing and distributing program reports.

Annual Service Calendar

We will also review with you a draft Annual Service Calendar or Work Plan, including a list of all known and scheduled projects during the year. Based on our discussions, we will then customize the calendar to ensure we are providing the appropriate services and information to you in order to meet your deadlines and the requirements of your decision-making processes.

The calendar can become both a management tool and a planning tool to help the City manage multiple complex projects for your benefit plans.

Vendor Access

As part of the transition, we will request authorized access to each of your current vendors and carriers.

In accordance with your authorization and our mutual agreement on process, we will immediately begin to contact your vendors to gain access to your information and reduce the need for staff to act as a conduit. We will provide you with draft correspondence for your signature informing all vendors of the change and granting us access to information, and begin working directly with each vendor as soon as possible. Throughout the process, Segal will work directly with the vendors as much as possible on information gathering, minimizing the City's required involvement and efforts.

We would also ask that your vendors make themselves available for an introductory meeting, during which we would be able to gain a better understanding of how information is shared and learn of any issue or concern that may need immediate attention.

Reconciliation with Prior Analysis

As your new consultant and actuary, we will want to review the most recent work of the incumbent. This generally involves our consultants and actuaries reproducing the most recent reports' results utilizing the same data and assumptions used in the original analysis. This is not necessary for every item mentioned in the scope of services.

Due to the importance of the reports and filings required, we will also request the same data used to develop the main components of the annual filing – primarily the projected costs and revenue for the current year, as well as the IBNR.

This step ensures that our models are completely tested and that we have developed a complete understanding of your benefits, data feeds and revenue structure. In addition, this process will produce an audit of the most recent analysis and reports.

Ongoing Planning

While the initial transition between consultants and actuaries is critical, we believe that the transition should produce documents, materials and approaches that are fine-tuned each year during our planning for the next annual cycle. Each of the documents we will create can be updated and refreshed throughout our contract to meet your evolving needs.

Given our implementation process we will be fully prepared to begin providing the required services listed in this RFP. One of the biggest processes will be to establish data transfers and validate the forecasting models.

Segal has transitioned from nearly every consulting firm – recent transitions have included AonHewitt, Buck, Deloitte and Milliman. We typically meet with the prior actuary and consultant. Although not comfortable for the either firm, it is of the best interest of our new client.

3. SCOPE OF WORK

3.1 Program Coverage Requirements – BENEFIT PROGRAMS:

The following outlines potential projects that may be required of the Contractor. The City reserves the right to select the actual projects to be performed annually. The City reserves the right to set the start and completion dates for each project. For each section it is anticipated that the Contractor will meet with City management at least once in addition to any required conference calls.

3.1.1 Fiscal Year Expenditures and Rates

There are three categories for medical rates: employees, retirees without Medicare and retirees with Medicare. The City subsidy for retirees varies depending on the years of service.

The Contractor shall:

- 3.1.1.1 Update the current fiscal year projected expenditures for the City's self-funded Medical, Prescriptions and Dental plans based on December claims information supplied by United Health Care.*
- 3.1.1.2 Compare budgeted to actual expenditures and explain variances.*
- 3.1.1.3 Calculate incurred but not paid (IBNP) claims amount as of the end of the fiscal year in accordance with Governmental Accounting Standards Board (GASB) 10.*
- 3.1.1.4 Provide Total Claims paid during the current fiscal year for prior periods.*
- 3.1.1.5 Project fiscal year expenditures for the upcoming fiscal year for the City's self-funded medical and dental plans.*
- 3.1.1.6 Project annual rates for the self-funded medical and dental plans.*
- 3.1.1.7 Provide rate scenarios at different contribution levels for actives, retirees and the City for all plans.*
- 3.1.1.8 Evaluate tier structures as necessary.*
- 3.1.1.9 Recommend funding levels for the City's Stop-Loss Reserve and Claims Reserve above the current individual stop-loss coverage. The City also carries an individual medical stop-loss policy.*
- 3.1.1.10 Estimate cost based on updating expenditures and rates at least four times between December and April of each year.*

Please refer to Exhibit III: Plan Design Change Summary for items aforementioned.

Segal has a long history of providing actuarial services to public plans and employers. Some of the actuarial services we provide our clients include:

- Annual rate setting analysis
- IBNR and other reserve calculations for self-insured health benefit programs
- GASB/OPEB retiree health valuations and modeling of program changes
- Provider network analysis, including Pay-for-Performance strategies
- RFP/Procurements and vendor management
- Audits and vendor performance review/measurement
- Development of capitation rates

- Multi-year budget development
- Trend and utilization reporting and analysis
- Legislative support and valuation of proposed legislation
- Expert witness and subject matter expert testimony and presentations
- ACA compliance and related strategic consultation
- Pharmacy program consulting
- Medicaid and Children's Health Insurance Program consulting and rate certifications
- Disability and Paid Time Off design and analysis
- Medicare Part D Retiree Drug Subsidy (RDS) calculations and attestations
- Valuation of program changes and comparisons of value among different plans
- Actuarial attestations on the overall rate structure and cost projections

The Segal actuarial team will be led by **Patrick Klein, FSA, MAAA** who has provided actuarial services to a number of public plans and employers in Georgia. He specializes in integrating data management into our actuarial models. He is an Assistant Actuary in our Atlanta office, and provides actuarial services to support many clients, such as the North Carolina State Health Plan, Alabama PEEHIP, Illinois Central Management Services and the State of Kansas.

Patrick will be supported locally by a broad and deep actuarial team. Two additional ASAs, Paul Janus and Olga Ronsini will be permanent members of the City's Segal team. Locally we have an additional 10 members of the Society of Actuaries. Nationally, Segal has over 150 credentialed actuaries.

We certainly have the staff resources needed to serve the City, but actuarial work is highly technical in nature and Segal supports our staff and customers with the latest in tools and technology to ensure our work is accurate, based on sound principals and data, and is performed as efficiently as possible.

Experience Reporting & Studies

A critical initial component to monitoring a meaningful program is to better understand the underlying population's health, what issues are particular to it, how they compare to other groups in terms of medical diagnoses and utilization patterns, and which tools will make the most sense in managing the population's medical care. Data mining and predictive modeling offer an approach to identify trends in data in order to facilitate decision-making.

Segal will work with the City to review and assess the current and historical claims experience. The objective would be to determine the key drivers of health plan cost and utilization trends. This data is also useful for determining the success of programs implemented in the past and for creating a baseline for new programs. One example is using the City's data to understand the impact to pharmacy trend following introduction of PCSK9 in the marketplace. Another, is evaluating whether the implementation of plan incentives has steered members to designated service providers.

The following are key data elements we would recommend monitoring on a regular basis.

- Cost and utilization of key services, including both medical and prescription drugs;
- Medical conditions and diseases that generate the greatest cost;
- The health risk of the Plans' participant population and changes over time;
- Member out-of-pocket expenses by condition, and episodes of treatment;
- Cost of highly utilized hospitals, labs, physicians and other medical care facilities;
- Risk factors that will generate future cost. This includes identification of "at-risk" individuals who may be low cost today but may generate significant cost later;
- Large claims and individuals with outlier level of care and utilization;
- Participant compliance with recommended medical guidelines; and
- Abnormal expenses and monthly totals, which can serve as an early warning system that may trigger an audit of vendor's processes and systems.

In addition to the detailed data elements above, Segal's data warehouse, SHAPE (Segal's Health Analysis of Plan Experience) can serve as the data source for future vendor bids or audits, as well as ad-hoc special studies on specific issues or plan changes. When our client's data is integrated into SHAPE, we typically produce a quarterly dashboard report. The dashboard provides a summary of key plan management components and recommendations.

The amount of reporting and data access we will have should be sufficient to alleviate any excessive requests of the City and its vendors.

Annual HealthCare Budget

Segal will assist the City in developing its annual budgets for the health benefit programs. Our regular update reports will provide projections to the end of the current fiscal year. We can also provide projections for the next fiscal year, based on the current plan design, participant population and expected trend increase. These projections can be revised periodically during the year to be as accurate as possible as the City approaches its various budget submission deadlines.

Segal's health analysts and actuaries are experienced in working with large and small governmental entities through the budgeting process. We are able to provide projections in many formats and structures, tailored specifically to your budget submission needs.

Forecasting Plan Results vs. Budgets

We will develop annual program budgets and track performance on a quarterly basis. Customization is critical to capture the unique features of your program and to present results in a way that is most useful for you internally. For example, multi-divisional organizations like the City may require separate quarterly reporting by group, i.e. actives vs. retirees.

In addition to tracking cost relative to budget:

- We will review program performance relative to key utilization metrics, cost benchmarks and market trends and present our findings. We will also compare claims activity to aggregate stop loss levels and offer insight into upcoming renewals based on the latest experience.
- We will identify aberrant utilization patterns that may suggest plan design improvements, implementation of new performance guarantees, or a vendor change. In the past, we have identified such issues as excessive emergency room usage, the need for prenatal care management, payment of benefits for services not covered, and potential expansion of disease management programs.

As part of our reporting for the City, Segal will measure the results against the established budget for the year. We will also provide projections of the program cost for the remainder of the year (calendar or fiscal) and compare those projections against the annual budgeted amounts. We will work closely with the City to determine the appropriate timing and frequency for these updates to be of use in the financial tracking and budgeting processes.

Administrative Fees

Reviewing administrative fees and assessing the appropriateness of renewals is a core competency of your Segal actuarial team. We will have all the necessary claims, census and contractual fees. We will integrate everything together and develop a comprehensive review.

- **Premium Levels** – We will re-cast your claims experience and put together updated baseline premium and/or funding rates. Segal will incorporate the employee contribution rates in this step to quantify the different funding sources.
- **Claims** – Segal will load the claims data into our system and develop claims reports directly. These should be in synch with the reports and summary files collected. The claims will also be benchmarked against our database.
- **Reserves** – The Segal actuarial team is proficient in developing reserves for self-funded programs. These are typically called “Incurred but not Reported” (IBNR) reserves but many governmental entities have additional claims fluctuation reserves. We can assist in comparing your target reserves to other public sector entities.
- **Negotiated Costs & Administrative Fees** – Although these fees are only a small percentage of the total, it is imperative to negotiate to the best possible rate. In doing so, we will help the City implement performance and service guarantees to make sure that your vendor performs. Although these guarantees are not significant amounts overall to the City, they are significant to the vendors and will influence their behaviors.

Financial analysis

Preparing detailed financial forecasts is a core actuarial skill where our actuarial team is highly proficient. In addition to the State of North Carolina, your dedicated team has developed financial projections for Public Sector clients: Wisconsin, Alabama, Illinois, Maryland, West Virginia; Kentucky; City of Atlanta, City of Houston, Fulton County, GA, Chatham County, GA. Note that this experience is just for members of your team and is not inclusive of all the work Segal does in the public sector. Further details of our broad public sector experience can be found earlier in this RFP.

Forecasting Methodology

Segal has a proven process for developing financial forecasts that produces the most accurate and actuarially sound results possible. Our projection is built off a basic formula used by the industry, then enhanced. Each step is described briefly in our response to this RFP. The basic steps can be reproduced for any specific group the City would like to track separately. The following describes the process, data and insight we will use for each of the steps set forth below.

A. Confirmation of Project Objectives: Scope and Approach

Segal would first confirm with the City the timeframes for delivering the draft and final report package. It is very common to run preliminary results and assumptions by the team at an earlier date to ensure that all members are on the same page. We would also discuss the accuracy rate of prior projections and recommend ways to improve upon past methodologies, if warranted. This meeting also is imperative for setting strategic direction and ensuring that the entire process supports the short and long-term goals of the program.

B. Capture of Experience Period (EP) claims

Next we would capture the EP claims. The claims may represent a paid or incurred basis. Segal recommends that Incurred Claims be used for the EP claims. Using incurred claims filters out many payment systems issues, and allows the actuary to isolate the impacts due to enrollment changes, plan design changes, changes in contribution strategy, or other significant events.

In most projection methodologies, the EP claims are converted to a unit measure before application of projection trend. The units are typically referred to as Exposure Units. Employees (also called contracts), members or other measures can be used. Each measure has its pros and cons. We would typically use employees, but capture the influence of the relative ratios of single contracts and contracts with dependents. If that ratio changes over time, an adjustment must be made to the revenue required in the Rating Period to account for a different mix of members between the Rating Period and the EP. We would also review the incurred claims for any very large claims incurred on a single claimant that might distort the costs per member. Depending on the circumstances, we may use one or two years of experience for the experience period claims.

C. Trending EP Claims Forward to the Rating Period

Trend is typically viewed as having three main components: price per service, utilization of services and mix of services. Often the mix variable cannot be identified in the data, so it becomes included in one or both of the other components. Additionally, if there is an expected impact on claims due to changes in technological advances or other external forces that are not explicitly identified in the rating, this impact may be addressed by increasing or decreasing the trend as appropriate.

The actuary, when developing trend, needs to take into account several variables: what happened in the past with EP claims, and whether this pattern continued; what is happening currently with trend that can't yet be measured, and what will happen in the future (between the time of the evaluation and the end of each Rating Period). All of these variables (i.e., past, present, and future) need to be considered when setting rating trend.

Tracking Regional and National Trends

Segal has a practice group that maintains and tracks industry trends and normative data. There are a number of different resources they use to monitor and analyze health care trends at the state, region, and national level. Some of these resources include:

- Segal's National Compliance Office in Washington, DC;
- Segal's Public Sector National Practice, which monitors both federal and state benefits-related trends;
- Segal's participation in a number of industry groups, including, the State and Local Government Benefits Association and the American Benefits Council, wherein we participate in the debate and the analysis of new developments in employee benefits; and
- Segal's National Health Practice which keeps our consultants – and, in turn, our clients – up to date on developments and emerging trends that may impact benefit plans. Semi-Annually Segal's National Health Practice publishes the Segal Health Care Trend Survey. Our trend figures are based on the projections of the leading actuaries at the major health care vendors. This data helps our consultants evaluate health insurance premium renewals and develop self-insured health plan claim projections.
- We also reviewed CPI statistics published by the Bureau of Labor Statistics

D. Determine Impact of Health Care Reform

The City and actuarial team will take into consideration the impact of the Patient Protection and Affordable Care Act (ACA), the majority of which has already been phased in. Segal will work closely with the City to ensure that it meets all fiscal year financial requirements.

The ACA is arguably the most consequential issue in employee benefits in many years. We have already seen the first major changes in the delivery of health benefits, including the application for the Early Retiree Reinsurance Program, the immediate extension of benefits to adult children dependents up to age 26 and mandated changes to benefits. The shared responsibility penalty provisions have now phased in for employers and for 2016 both employers and health plans will have to provide reporting to employees and plan participants who are eligible and/or covered under a health plan. The 40% Excise Tax has been delayed to 2020 but continues to cause concern among plans that may trigger a tax liability. We are also closely monitoring the American health Care Act (AHCA) as it makes it's way to the Senate floor and evaluating it's potential impact.

E. Make Tabular Adjustments

There are numerous reasons why baseline rates may need to be actuarially adjusted. Some of those factors include:

- Claim backlogs, vendor transitions, computer conversions or enhancements, and other causes of altered claims timing
- Changing financial conditions influencing claimant behavior, including layoffs or contribution changes
- Revised benefit plan provisions including changes in deductibles, maximum limits, covered benefits, or the introduction of managed care initiatives

- A change in the demographics or participation of the group caused by such things as the introduction or elimination of health plans or members migrating to the State Insurance Exchange
- Large claims that may have unique payment patterns
- The deteriorating health status of the group - causes may include aging on a closed or retiree group, or anti-selection from changes in health plans

Other modifications may be necessary to reflect different circumstances not referenced above. Adjustment techniques will vary, dependent on which modification is used and its impact on the resulting cost. Analysis by medical services, type of health benefit, and adjustment for large claims diagnosis and prognosis are all possible refinements, if cost and data considerations support the refinements.

F. Make Provision for Non-Claims Expenses

In formulating rates, non-claim expenses for the Rating Period must be added to the Rating Period expected claims to make appropriate provision for all revenue required in the rating period. Non-claim expenses may include any of the following:

- Administrative expenses for the claim payment vendors
- Administrative expenses for wellness and medical management programs
- Fulfillment and other non-claim payment expenses not covered above
- Plan's internal expense allocations
- Any surplus management additions or subtractions

Much of this will be received directly from the City's financials.

G. Develop Total Plan Expenses

Once all the adjustments and factors are developed in the steps listed above, a monthly per member per month (PMPM) cost will be calculated. This would be the baseline calculation and would include timing of the benefit provisions, seasonality of health, enrollment mix, movement impact, etc.

A similar process will be followed for each component of the projection: medical, pharmacy, administration, rebates, Part D, etc.

Calculating Employer and Employee/Retiree Contributions

In the process of developing the annual budget, a detailed review of the current contribution methodology will be performed. We will assess any issues identified through the current methodology and identify strategy goals including any legislatively mandated requirements to incorporate into the contribution strategy on a short and long term basis.

As the contribution strategy changes, the premium rate equivalents will need to be updated to take into account selection issues. There is direct link between contribution strategy and premiums. As contribution rates change, employees review their best alternative, and move accordingly. This premium rate update based on projected migration will result in maximizing

selection vs. anti-selection. There are a variety of contribution strategies that can be utilized. Below are a few more common strategies utilized, highlighting the associated advantages and disadvantages:

Percentage Method: Employee contributes a flat percentage (i.e. 20%) of each rate tier and plan. This is simple to understand and communicate, but it does not significantly recognize lower cost plan alternatives. It will also result in a disproportionate share of the benefit dollars to those electing family coverage. A variation of this method is to apply a different percentage to each tier (i.e. 20% for employees, 30% for families, etc.). At lower percentages the differential between plans becomes almost negligible.

Fixed Dollar Method: Some employers have gone to a fixed dollar funding arrangement. The employee contributes the premium rate less the fixed dollar amount. This is also easy to communicate and is very popular in governmental plans. The overall logic is that it treats all employees the same. The problem with this method is that it typically makes family coverage very expensive, losing dependent membership and the pool becomes much older. It is even more problematic when employee and retiree rates are commingled.

Base Plus Method: This is very popular on the private sector. The employer funds a certain level for each tier of the predefined “base plan”. The employees are then allowed to “buy-up” to more costly richer alternatives. This makes the employer budget neutral on plan selection and gives employees greater choice. This is similar to the fixed dollar discussed above but it also combines aspects of the percentage method when determining appropriate levels.

These are just a few standard methods typically evaluated and considered. Our Actuaries will review alternatives and make recommendations that best meet your long-term objectives. We will also review strategies to take into account each of the different sub-groups or agencies.

Many plans also provide contribution adjustments - up or down – for variances such as:

- Tobacco use
- Spouse employment
- Wellness program participation
- Delayed enrollment (not electing coverage at hire and opting in at a later date)
- Salary level

These credits and surcharges are typically applied on an individual basis. We have worked with many plans that include these and similar features as part of the employee contributions methodology, including plans in Georgia, North Carolina, Tennessee, Pennsylvania and Maryland. Segal actuaries have the experience and expertise to develop a contribution schedule that employs any combination or variation of these features.

Plan Design Modeling

Plan design is probably the most controllable factor affecting health plan costs. The types and number of plan offerings are key variables. We review with our clients ways to preserve effective levels of coverage without overpaying. This includes addressing the following plan design features:

- ***Establish meaningful cost sharing with participants (i.e., deductibles, copayments, coinsurance and monthly contribution levels).*** Nominal copayments do little to discourage wasteful demand for questionable care. However, if the cost sharing is too high, it may deter employees from getting *essential* care.
- ***Establish appropriate cost-sharing differentials among treatment options and settings so employees are encouraged to seek the most cost-effective courses of treatment and the most efficient providers.*** Differences between network and non-network benefits and the coverage for brand name and generic prescriptions that are significant enough to influence behavior are important. Payment levels between competing therapies and inpatient/outpatient settings also need to differ. Plans with lower out-of-pocket costs for less expensive treatment options can change patients' behavior, benefiting both employees and employers.
- ***Provide coverage incentives for support service and complementary care to motivate employees to improve their health.*** Educational material about treatment options, home health aides and access to support groups are examples of support services and complementary care.
- ***Enforce pre-certification and utilization review rules.*** Broad-based, non-specific pre-certification rules that ultimately result in approval of all requests are a waste of time and money. To be most effective, pre-certification rules should be targeted to treatments and services that are subject to overuse or abuse. For instance, some people with minor, acute conditions improperly use narcotic painkillers on an ongoing basis (*i.e.*, potential indication of addiction). Requiring pre-certification can identify these cases and often stop the abuse.

Through our actuarial work with the City, we will develop a clear understanding of the cost drivers and factors in your program. Using that knowledge, as well as our analysis of claims and program costs for establishment of premium and cost rates, we will estimate the likely effect on the program.

We will work with the City at the outset of the engagement to determine suitable formats for reporting on projected costs for prospective plan changes. Often, we can report the results in a simple letter format. When a number of changes or combinations of changes are being discussed, we will utilize a more robust format to allow the City to see the effect of the various combinations.

Stop Loss

Segal's formalized Stop-Loss Initiative assists our clients in better understanding the nuances of the stop loss market, negotiate lower premiums, and negotiate contracts consistent with the underlying plan. Through an RFI selection process, Segal chooses preferred stop loss carriers based on a number of criteria, including the carriers' financial ratings and their willingness to agree to certain contractual terms and conditions that focus on our clients' best interests.

Segal provides strategic consulting services to help our clients understand the differences between "ordinary" and "catastrophic" risk, which stop loss insurance is designed to protect. Each client has its unique circumstances regarding risk tolerance and the amount of reserves on hand, both of which have a critical bearing on whether to purchase stop loss insurance and at

what levels of protection. We have found that a “one size fits all” approach is usually not effective. Segal has actuarial tools and methods to assist with this process.

In addition, Segal works with our clients to help avoid common pitfalls associated with stop loss insurance. For example, we help address the often-varying contractual terms between the stop loss policy and the plan document so that stop loss policy provisions match the provisions of the underlying plan. If they do not match, there can be circumstances where the plan provides coverage, but the stop loss carrier does not provide protection. We also work with our clients to assure that they have in place effective case management processes, transplant networks and disease management programs; all of which help to manage and/or avoid large claim situations. We can also work with third party claims administrators to assure that all documents are kept up to date, and that processes are in place to assure both prompt notification to and reimbursement from the stop loss carriers.

3.1.2 Plan Design Changes

The Contractor shall:

- 3.1.2.1 Identify possible plan design changes based on review of current plan experience as well as industry trends and client practices.***
- 3.1.2.2 Evaluate proposed plan design changes from staff, City’s Benefits Advisory Committee, and City’s Employee Work Force Committee.***
- 3.1.2.3 Model or estimate the cost savings that could result from proposed changes in plan design.***
- 3.1.2.4 Cost should be based on 10 plan design changes per year.***

Segal’s actuarial team has significant experience reviewing and quantifying the impact of proposed plan design changes. For many clients we put together a menu of alternatives with resulting financials to allow administrators to better manage their programs. These menus include standard cost shifting elements as well as provider reimbursement strategies, network management, utilization controls, wellness initiatives, alternative retiree solutions, disease and population management impacts, carve out arrangements, etc. The menu of choices is determined in the planning stages early in the year.

For determining the financial impact of proposed plan changes, Segal actuaries typically apply a two-part approach, merging credible City-specific claims data with actuarial rating manuals. The two should be fairly consistent.

The first step is to refer to the City claims data stored with the various vendors. Many of our large clients use Segal as a data warehouse, to store and summarize their plans’ claims experience. Our actuaries and data analysts are expert users of this tool, and with it can, for example, determine the financial impact of a change in annual deductible by reviewing the claims for members with projected costs (for services subject to the deductible) above the current deductible (members with projected claims below the current deductible will not be impacted by a deductible increase). This method can be used to model a variety of plan changes including, but not limited to:

- Deductibles
- Out-of-pocket maximums
- Copayments

- Coinsurance percentages
- Pharmacy benefits
- Benefit exclusions
- Implementation of new provisions, such as deductibles for pharmacy, outpatient surgery, etc.
- Day or visit limits (such as for chiropractic care)

Benefit changes can result in changes in utilization. Therefore, it is important to account for changes in member behavior as covered services, or the member's cost share, changes. For example, a change in member copays for brand drugs will result in many members (depending on the change) switching to a generic substitute and some members not filling the script at all.

The second step is to utilize one, or more, tool(s) from the suite of Health modeling tools available to Segal actuaries and listed at the end of this section. The most significant tools would be our APEX Actuarial Rate Modeling System, developed by Segal with an outside vendor. The APEX system calculates the relative value of benefits to participants using a large number of factors from the plan design. By calculating relative values of different benefit designs, we can help the State understand the likely effect of such proposed plan changes.

APEX models different deductibles, out-of-pocket maximums, co-payments and changes in provider discounts or utilization to assess the impact of plan changes under a variety of plan management and network platform options. It also has a pharmacy component embedded that models the impact of plan design changes on carved-out prescription drug programs. It can be used to see the effect of implementing out-of-pocket limits on coinsurance plans or how changes in front-end deductibles can reduce bottom-line prescription drug costs.

The tool is first calibrated to match the membership's current distribution of geography, age, gender and utilization patterns (by inpatient, outpatient, professional, pharmacy, etc.). This approach enables us to develop the financial impact in a tailored fashion while benchmarking the result(s) against analysis conducted on a national database of claims.

Once the two steps are complete we will reconcile and merge the two data points together based on various credibility indices. Your core actuarial team is nationally recognized on credibility theory and has published numerous articles on the subject.

Modeling Benefit Plan Changes to Show Potential Savings/Comparing Vendors

We utilize proprietary relative value costing software that references a large database of claims for similarly situated plans. This data allows us to model plan changes for the City's consideration. Below, a sample of our "menu" showing possible benefit changes and the reflective cost savings.

Disruption

Using eligibility and claims data, Segal actuaries and data managers are able to evaluate prospective provider networks and compare with the current provider network(s). A disruption report is generated to show members, number of claims and total claim dollars likely to be impacted by the proposed network change.

While a simple concept at its surface, Segal takes great care in evaluating the “under the hood” details to determine the true member disruption. For example, for another local client their network allows for lab tests to be conducted on-site by physicians with the appropriate equipment and facilities, but their Kaiser HMO requires physicians to send all lab work to a separate Kaiser lab. In most cases, with a basic disruption analysis, another consultant or vendor may consider this to be a change in provider and therefore “disruption.” However, this change is behind the scenes and does not result in true disruption to the member.

These details are carefully analyzed and included as a routine part of our disruption analysis.

Recent Examples

Some recent examples of new strategic directions implemented by clients, served by Segal are the following:

- **State of Maryland** – Recently, Segal assisted the State by provided a health risk, disease prevalence and care gaps analysis based on a review of their members’ detailed claims. A value-based wellness and incentives strategy was designed to target specific conditions and care gaps. We assisted with an RFP for medical claims administration, wellness and population health management. The resulting contracts and program design are projected save the State \$4B over 10 years (approximately 20%).
- **City of Houston** – Segal assisted the City with a medical and pharmacy procurement. The RFP was structured to enable the market to bid on either medical or pharmacy, or both on an integrated basis. Additionally, the RFP included wellness and health management services and enabled bidders to propose under a variety of provider reimbursement methodologies, such as traditional Fee-for-Service or more value-based approaches. The best value proposal was determined to be one with a large capitation arrangement at its core. Members are provided a closed network EPO with 100% of professional services capitated to a large provider group that has a significant local presence – access is not an issue for City employees. Approximately 75% of the City’s membership are in this plan, which has annual trend of 1% over the last 4 years. Also, health risk, inpatient admissions, urgent care visits and overall gaps in care are more favorable until this plan.
- **City of Atlanta** – Recently Segal identified a large portion of the City’s retirees that do not have full Medicare. Segal identified approximately 700 such retirees and worked with the City to design a strategy to get these members to enroll in Part B, coordinate with CMS to pay the late-enrollment penalties on their behalf and purchase “Part B only” Medicare Advantage policies for these members. Savings are projected at \$2-3M annually.

3.1.3 GASB Compliance - Other Postemployment Benefits

The Contractor shall provide GASB valuation for GASB Statements 45 and 75, as applicable, up to twice annually as required by City. Additionally, the Contractor shall furnish compliance assistance and a discussion of pre-funding options. Currently, the City Retiree medical programs are not pre-funded.

Segal provides OPEB actuarial valuation services under GASB 43/45 to hundreds of local and state governments of all sizes and to their retirement systems. As public employers have been required to determine their promised liability and annual accounting costs for retiree health benefit promises made to their employees, Segal has continued its work in helping our clients value the liability, analyze possible changes to reduce and control the liability, fund the required contributions, price the resulting plans appropriately, and monitor the financial and participant acceptance results of the changes.

Segal is also at the forefront in monitoring and analyzing changes in legislation, regulations and mandates. Our analysis is focused on the impact these changes can have on public entities. We are closely monitoring the effect of the recent changes in GASB pension liability disclosures and how these can be translated to the valuation and reporting of OPEB liabilities under GASB.

GASB 74 and 75 will soon be the required accounting standard for OPEB benefits. Many of Segal's actuaries have led discussions with several large cities about the forthcoming implementation issues. Subsequently we feel well-versed in helping our clients through this potentially difficult transition.

GASB/OPEB Actuarial Valuation Report

The OPEB valuation report will be organized similarly to the pension actuarial valuation report. The OPEB report will change during the period covered in the proposal to reflect the new requirements of GASB 74 and GASB 75. The OPEB valuation report will contain the following:

- Letter of certification;
- Executive summary of the valuation;
- Summary of the key results of the valuation; and
- Financial disclosures and actuarial cost factors for the major groups of employees covered by the City, including:
 - Actuarial and market value of assets;
 - Actuarial liabilities and liabilities for accrued benefits;
 - Employer contribution rates, expressed as a dollar amount and as a percentage of covered payroll and split between normal cost and unfunded actuarial liability components; and
 - GASB basis accounting disclosures.
- Statistical disclosures for the City and relevant subgroupings, including:
 - Development of normal costs;
 - Summaries of participation data, including aggregate numbers of actives, covered salaries, numbers of retirees and beneficiaries, benefits paid and options selected, average age and numbers of vested former members;
 - Detailed participation and eligibility statistics; and
 - Participant distributions by age, salary and service.
- Disclosures of actuarial assumptions, cost methods and procedures;
- Summary of the principal plan provisions for each group of employees covered by the City;
- A glossary of terms used in the valuation report; and
- Recommendations to the City for changes based on findings and conclusions from the valuation.

OPEB Liability Strategy

We use cost and plan data to establish a baseline cost for the valuation measurement. We use this information to determine the implicit rate subsidy and to produce “claim curves” that reflect initial costs separately for each age, for males and females, and for employees/retirees and dependents. (Expected health care costs tend to increase with increasing age, and can be significantly different at given ages for males versus females, and for employees/retirees versus dependents; these distinctions in morbidity are reflected in our valuation cost basis.)

In addition, we will develop short- and long-term health care cost trend rates (which measure the rate at which net plan costs are expected to increase in future years).

GASB 43 & 45 do not require implicit subsidies to be separately calculated, but the City may want to see the breakdown to help with the decision making process. By exposing, then limiting, the implicit subsidy this can help the City control their OPEB obligations.

Segal has extensive experience in working with jurisdictions to balance the financial issues around GASB with the need to continue providing a meaningful benefit to loyal retirees of the jurisdiction. We have developed a number of approaches for our clients to begin to lighten the burden of the GASB liability and annual required contributions through pre-funding of the benefits.

Segal will work with the City to review the current set of actuarial assumptions to be used in the valuation process. In measuring the liability for OPEB, we must make assumptions about future events including the amount and timing of medical benefit claims to be paid.

Significant assumptions for the OPEB valuation to be reviewed include the following:

- Health care trend rates (medical inflation and rising administrative costs);
- Changes in utilization or patterns of delivery;
- Discount rates (with and without pre-funding);
- Mortality rates;
- Disability rates;
- Retirement rates;
- Retiree medical participation and lapse rates;
- Age-related medical expense increases;
- Initial medical expense cost factors;
- Medicare reimbursement rates; and
- Dependent and spouse coverage assumptions.

As part of our annual valuation we review the potential for retiree health benefit program changes. Upon request, we will provide cost estimates reflecting expected cash outlay should the program changes be enacted. As potential changes are considered and accepted, we will assist the City in developing an implementation plan for the new benefit features or changes. We will suggest and discuss alternatives that will allow reasonable projection of the actuarial liabilities and annual required contributions.

The liabilities and expense for OPEB are sensitive to the assumptions used and relatively minor changes in certain areas could result in substantial shifts in the cost projections. Moreover, it is difficult to predict experience accurately in some of the areas for which actuarial assumptions are required. The basic assumptions will be selected to represent the “most likely” projection of

expected experience, understanding that significant variations in actual experience may occur. We will also review the pension valuation assumptions and apply those assumptions where appropriate to track expected population behavior.

We will prepare the actuarial study using health care trend assumptions as discussed and agreed with the City prior to the valuation. This approach allows more effective modeling of costs changes to test the sensitivity of the liability and annual cost to economic factors.

3.1.4 Quarterly Performance Report

The Contractor shall provide a quarterly report detailing the performance of the medical, prescription and dental plans. The report shall be broken down by Actives, Retirees without Medicare, and Retirees with Medicare and/or by plan. The reports shall be based on the fiscal year and shall be provided no later than 30 days following each quarter end. (i.e., 1st quarter report will be provided no later than January 30). The report shall include the following:

- 3.1.4.1 Financial Measures: Per Member, Per Month (PMPM) costs for current quarter, year to date and fiscal year estimate.***
- 3.1.4.2 Medical Utilization Measures: Base period, current quarter and year to date for major categories, such as inpatient, outpatient, physicians, diagnostic lab/x-ray, mental health/substance abuse, etc.***
- 3.1.4.3 Medical Network Discount Analysis: Base period, current quarter and year to date.***
- 3.1.4.4 Prescription Drug Measures: Base period, current quarter and year to date.***

Segal will prepare quarterly performance reports as needed by the City to meet your needs. We typically develop a number of customized reports, particular to each of our clients.

With a variety of client types – public sector, corporate, and multi-employer funds – and with the variety of plans we service with different funding arrangements, from fully-insured to fully self-funded, we believe we have the experience and expertise to help the City make sense of almost any vendor report provided. Segal has extensive experience working with most commercial and Blue Cross carriers to have them provide the client what is most needed for successful management of the program. We have helped clients create vendor report “dashboards” that capture the most useful management information in a format that lends itself well to reporting to senior management within the City.

At the onset of our engagement with the City, we will propose and develop, in conjunction with other state government clients, a monthly reporting system for tracking the health plan expenses. We ensure that our system will permit proactive management of the plan, as well as the methodology for linking claims to wellness initiatives.

Segal has extensive experience in tailoring our standard report formats to the needs of our clients. In addition, with the data warehousing and analysis tools available to the City, we can utilize a combination of reports for regular production and discussion.

Below is a typical annual sample set of reports we provide to our clients:

- Monthly Claim Reports;
- Plan Utilization Reports;
- Contribution and Expense Reports;
- Budget Projections;
- Rate and Plan Design Modeling;
- Renewal Analysis Reports;
- Benchmark Reports; and
- Analysis of Proposals.

For our clients we load their claims experience into Segal's Health Analysis of Plan Experience ("SHAPE"). Below are some specifics about the program.

SHAPE

*Segal's Health Analysis
of Plan Experience is a
Comprehensive Medical
Data Mining Service*

Data warehouse that combines data across medical vendors and PBMs and has capability to compare plan to normative benchmarks. Information is used to:

- Determine the medical conditions and treatments that are driving up health care costs which helps us develop more targeted and effective cost containment strategies
- Benchmark cost and utilization patterns of a plan to industry norms and other plan sponsors
- Determine member out-of-pocket cost burdens relative to other plan sponsors (accurately forecast patient disruption)
- Assess impact and effectiveness of wellness, disease management and other clinical programs
- Accurately measure the future saving impact of plan modifications being considered
- Serve as the tool for plan sponsors and vendors to manage "at risk patients" through predictive modeling
- Profile cost and quality of highly used hospitals, labs, physicians and other medical care facilities (e.g. build custom, high performance networks)
- Serves as an audit tool to validate vendor performance guarantees (e.g., vendors discounts, generic fill rates, etc)
- Investigating Fraud, Claims Coordination and Subrogation Opportunities
- Allows clients to centralize all data from multiple vendors in one locations

There are standard reports that come out of this system but our reporting "Dashboard" has been the most well received by our clients. It provides a high level review of all the key cost drivers in the program. We currently do this reporting for a number of clients, including the North Carolina State Health Plan, Maryland Department of Budget and Management and most recently, the State of Connecticut. What is interesting to note it that they system can be used with or without loading the detailed data into our system. For example, the State of Connecticut uses a data aggregator and Segal runs our analytics within their system.

Our dashboard is designed to have 8 panels and a “spotlight”. The spotlight is intended to highlight an area of concern in the data and drill down on that component. In the sample Maryland report the spotlight was on Opioid Abuse. We’ve done a wide variety, including emergency room utilization, mental health, wellness and specialty medications.

With the data and information load, Segal can do a wide variety of ad hoc/custom reporting. After it runs one time, it could then be integrated into the monthly or quarterly package.

3.1.5 Annual Report

The Contractor shall provide an annual report by March of each year of the City’s employee and retiree medical and dental benefits programs. At a minimum the report shall include the following:

- 3.1.5.1 *A financial analysis of contributions, benefit expenses and operating costs of the programs. These items are to be compared to the original projected rates to actual cost and explain any significant variations. Significant variations should be highlighted along with reasons for the occurrence and recommendations for improvement.***
- 3.1.5.2 *Benchmarking of the City’s experience to regional and national comparative information for all benefits.***
- 3.1.5.3 *Review of medical and pharmacy discounts to ensure they are at the Contracted levels.***
- 3.1.5.4 *A summary of research performed and recommendation of changes in plan design and funding administration.***

Segal will provide an annual report from the Board to the City.

The core message is that our annual report will provide a good summary of where the program has been, showing current initiatives and direction, while providing addition opportunities for the long term. It is meant to be proactive vs. reactive.

Below are the key sections (table of contents) of our Sample Annual Reports that can be provided:

Table of Contents

1. SUMMARY OF FINDINGS

2. POPULATION CHARACTERISTICS

- 2.1 Demographics
- 2.2 Aggregate Economics
 - 2.2.1 Monthly Comparison of Paid Claims
 - 2.2.2 Expense Distribution by Percent Spending Band
- 2.3 Clinical Disease Fingerprint

3. ECONOMIC FINDINGS AND OPPORTUNITIES

- 3.1 Medical Economics
 - 3.1.1 Network utilization and contract discounts
 - 3.1.2 Specialty procedures/consultations
 - 3.1.3 Diagnostic Testing
 - 3.1.4 Place of service - Inpatient and high acuity
 - 3.1.5 Place of service – Outpatient and low acuity (excluding office visits)

- 3.2 Pharmacy Economics
 - 3.2.1 Non-PBM Drug Spend
 - 3.2.2 PBM drug spend
 - 3.2.3 Selected prescription cost avoidance opportunities

4 CLINICAL DEEP DIVES

- 4.1 General Clinical Quality Performance and Economic Opportunity
- 4.2 Case Management Opportunities
- 4.3 Disease Management Opportunities
- 4.4 Wellness Management Opportunities

5 APPENDIX

- 5.1 Demographics
- 5.2 Financial Analyses
- 5.3 Disease Fingerprint
- 5.4 "Top 10" Analysis
 - 5.4.1 Providers
 - 5.4.2 Places of Service
 - 5.4.3 Diagnostic groups
 - 5.4.4 Procedure groups
 - 5.4.5 Therapeutic classes
- 5.5 Clinical Quality Performance and Measures

All of these reports will be customized and subdivided to best meet your needs.

3.1.6 Annual Employer Survey

The Contractor shall provide an annual Employer Survey by February of each year that shows a comparison of other public sector entities' plan design, rates, wellness programs, leave programs, current and future strategy, and other benefits to those of the City. This study shall be nationally benchmarked against cities of comparable size to Austin.

3.1.6.1 The Contractor shall contact each entity on behalf of the City to gather data.

3.1.6.2 The Contractor shall provide a detailed timeline for completion of the survey, from creation of the survey language/questions to notifications to survey recipients, and shall supply updates on distribution and responses as requested by City.

Segal will provide a comparison or "benchmarking" of your current benefits and associated costs with other similarly sized public and private employers. Our comparison will include other cities and employers from a wide range of geographical areas that are similar to the City.

A benchmark assessment provides a unique and invaluable understanding of how benefit programs compare among competing organizations. Evaluating all components of compensation, including health benefit plans, is imperative for organizations who strive to recruit top performers. Furthermore, it is important for employers to understand not only the current benefit plans in place at key industry and geographic competitors, but also the future direction of the benefit initiatives competitors may undertake.

A successful benefit benchmark survey requires selecting the correct comparator entities, gaining a comprehensive and accurate understanding of both current plans and future initiatives, and applying a rigorous and insightful analysis to the information collected. The key steps of Segal's competitive survey and best practices analysis of health benefits are outlined below.

Identifying Comparator Entities

The first step in the survey process is to identify the entities to be surveyed, and to whose benefit plans the City's plans will be compared and measured. The "comparator" entities are the ones against which the client competes – or, more importantly, will compete – in seeking to attract and retain top-level talent. The entities selected may be (i) in the City's industry group (ii) key employers in the geographic locations where the City has concentrations of employees (iii) entities, including those from different industry groups, whose employees have skill sets or experience that are particularly desirable to the City.

Segal will assist the City in identifying entities that are relevant for the City to be benchmarked against.

The Survey Process

Segal's survey approach is not limited to summaries of spec book entries or static measurements of plan value. Our approach for the City begins with a compilation of publicly available information about current plans, and then uses this information as a springboard for a more in-depth probe. Our comprehensive approach does not merely measure the City's place among your peers, but also measures benefits relative to best-practices benchmarks. A basic competitive survey may show that the City is the best in a mediocre group; therefore adding a best-practices benchmark gives a more meaningful understanding of the way benefits can meet broader objectives.

Our proposed approach for collecting data is two-phased:

- (1) Compile data about current plans from publicly available sources. This first phase forms a foundation and identifies the types of quantitative and qualitative information needed to form an accurate, complete, and dynamic understanding of comparator entities' benefit programs.
- (2) The data collected in (1), above, is supplemented by a targeted survey of comparator companies. The survey serves three functions:
 - To validate data compiled from public sources and make corrections, as appropriate, and to obtain data about additional benefit plans (because public sources often provide information only for a company's "principal" plan or the plan covering the largest number of employees),
 - To learn about benefit, cost-sharing, eligibility, or other changes that will be effective in the coming year, and
 - To learn about broader-based, longer-term initiatives or directions that will affect the benefit plans.

Analyzing Data and Reporting Results

Three distinct activities characterize the analysis process that follows the compilation of basic data and the survey of comparator entities:

- (1) Segal compiles results into a grid to allow for an easy comparison of key features across comparator entities.
- (2) We conduct an analysis of the various benefit plans. Benefits are compared to best-practices benchmarks, and relative values of the various plans are calculated based on benefit and cost-sharing provisions using proprietary Segal software. “Scores” for each major benefit type, plus an overall score, are computed.
- (3) We then prepare a summary of findings and observations that, together with cost and plan value measurements, gives a concise evaluation of the various entities’ benefit programs and directions, and the District’s position within the group.

The results of our analysis will be compiled in a report with the benefits grid, scoring results, and summary of observations.

We will use our library of benefits survey data to conduct the benchmarking portion of this step including Segal’s client database as well as external benefits survey sources.

Segal maintains a comprehensive database of health care organizations with detailed financial, quality, management and member satisfaction results. With online access to this powerful resource, our consultants can determine the best matches for the City of Austin, Texas. In addition, we can use this data to set the terms and benchmarks for performance goals and risk contracts.

In reviewing plan costs, Segal will benchmark the City’s experience against normative standards and best practices. Segal’s consultants and actuaries utilize rigorous evaluation methodologies, adjusting for all pertinent data and information, such as demographic composition, location, plan design, etc. Financial analysis will also include a current budget review and focus on current premiums, claims, reserves, negotiated costs and administration fees.

Additionally, The Segal Team will review the current wellness and medical management plans and assess the overall quality and success of the program on City employees. Segal is uniquely qualified to conduct this analysis based on our client team, which includes clinicians and Total Health Management experts. As part of our review, we will also look at on-site clinics and how the City compares to other’s offering this service. The central location for much of your workforce makes it highly feasible and could be designed to integrate with your wellness initiative.

3.1.7 Auditing

The Contractor shall, at the request of the City, perform claim audits of the third party administrators. Areas to be audited may include medical, prescription, pre- implementation, dental, Section 125 (FLEXTRA) health care and dependent care spending accounts, and COBRA. Areas to be audited may include:

- 3.1.7.1** *Procedural accuracy*
- 3.1.7.2** *Payment accuracy*
- 3.1.7.3** *Claims turnaround time*
- 3.1.7.4** *Effectiveness of all cost controls*
- 3.1.7.5** *Plan provisions accuracy*
- 3.1.7.6** *Reasonable cost guidelines*
- 3.1.7.7** *Claimant eligibility for benefits*
- 3.1.7.8** *Coordination of benefits*

Medical Audits

Segal's Administration and Technology Consulting Practice (ATC) provides extensive industry knowledge in all aspects of benefits administration and auditing. Our strong presence in the public sector arena and our experience in working with carriers and leading third party administrators provide evidence of our industry knowledge. Segal's audit personnel have practical "real world" professional experience and are subject matter experts in their areas of expertise. Prior experience with UnitedHealthcare (UHC) further enhances comprehensive and analytical abilities required for this engagement.

Our audit results will assist the City of Austin in evaluating your third party administrators' administrative performance and efficiency relative to adjudication of Plan benefits. The following information outlines how Segal can provide services to achieve this objective. The scope of services outlined can be tailored to meet any additional concerns or objectives the City may have. The medical and prescription drug reviews entail similar, but distinct review components; a description of each review and expected deliverables are contained as separate sections.

Segal has been assisting clients since 1973 through onsite claims audits of insured and self-funded health plans administered by insurance carriers, third party administrators, or in-house staff. Segal auditors are dedicated to conducting administrative and claims processing reviews for multi-employer, government, and corporate clients.

Our audit philosophy is grounded in working successfully and cooperatively with the claims payer recognizing that plan sponsors want their relationships to be successful. As such, working on the plan sponsor's behalf to improve claims administration performance is critical to this view while maintaining positive, constructive relationships with the vendor. We believe this view is relatively unique and that our reputation within the insurer and claims administrator community is the best in the business.

We welcome the opportunity to discuss our auditing services, answer questions to better define the audit scope, and modify our process to meet your review objectives.

You can be assured Segal uses audit personnel experienced in claims administration. Separate teams will perform the medical and prescription drug reviews to ensure the analyses are conducted by trained professionals. This experience has been invaluable in identifying administrative inefficiencies that have been overlooked by less experienced audit firms. You will have the benefit of working with persons experienced in similar plan designs, administrative concerns, and industry practices.

Our staff's external audit experience further enhances our capabilities. A lead auditor for the medical review will be assigned once the onsite review is scheduled. This person will coordinate and supervise the onsite review, perform the statistical analysis of audit data, compile report statistics, and draft the report.

We will provide additional audit and support staff as necessary.

From time to time our auditors encounter claims that require the expertise of a medical professional. Our medical staff (nurse and/or physician) can determine if the administrator was prudent in their evaluation of a particular claim or if additional review is warranted.

Project Understanding and Methodology

Segal understands the purpose of the proposed review is to evaluate current processing guidelines as well as the accuracy of payment for compliance with plan provisions; achievement will be compared to industry standards and/or performance guarantees. Our audit results will assist the City in evaluating the administrator's administrative performance and efficiency relative to adjudication of Plan benefits. We understand the medical claims audit will include the review of Preferred Provider Organization (PPO) Health Maintenance Organization (HMO), and the Consumer Driven Health Plans with Health Savings Account (CDHP with HSA) plans for active participants; retirees and surviving dependents are enrolled in the PPO, HMO, and a CDHP with and HRA. A self-funded Dental Assistance Plan is offered to active employees and dependents.

The scope of services outlined can be tailored to meet any additional concerns or objectives the Plan may have.

- **Adjudication Procedures Review** – begins with an advance questionnaire that focuses on procedures used for all claims to ensure proper claim controls are in place (i.e., eligibility verification, claims handling, internal review procedures, other insurance investigation, system edits, etc.).
- **Statistical Claims Review** – determine statistical achievement with comparison to industry standards and self-reported results. The process includes a stratification of paid dollar amounts based on plan experience. The results provide a cross-section of benefits (i.e., physician, diagnostic, anesthesia, facility services, etc.) that fall in the various paid ranges.

- **Electronic Audits** – reviews 100% of paid claims to identify potential deficiencies (e.g., duplicate payments, exclusions, inconsistent coordination of benefits, potential subrogation claims, ineligible dependents, etc.). Suspect payment errors require review of hard copy documentation and system notes to validate the accuracy of the electronic reports.
- **Target Sample Review** – We will select a percentage of potential errors identified through our electronic audits or specific client concerns for onsite validation. Patterns of errors may indicate a problem with internal claim control measures and/or provide an opportunity to isolate similar payment errors.

Audit Approach

We view an audit as a constructive process in which all parties work in concert to ensure that proper control measures are in place for efficient administration of plan benefits. Our experience allows us to openly discuss claim matters with the administrative staff during the onsite review, resulting in maximum cooperative efforts and quick resolution to any detected errors or inefficiencies.

Each audit is designed with components and tasks specific to the type of benefits under review. We understand areas of interest to the City may include the following:

- 3.2.7.1 Procedural accuracy
- 3.2.7.2 Payment accuracy
- 3.2.7.3 Claims turnaround time
- 3.2.7.4 Effectiveness of all cost controls
- 3.2.7.5 Plan provisions accuracy
- 3.2.7.6 Reasonable cost guidelines
- 3.2.7.7 Claimant eligibility for benefits
- 3.2.7.8 Coordination of benefits

The general steps we will take to ensure the City's areas of interest stated above and develop an audit approach that meets your review objectives follow.

- Step 1. *Planning Session*** – Segal's project team will meet via teleconference with City personnel to summarize review objectives, discuss the scope of services, and confirm the audit period. Modifications to the described services will be explored during the planning session.
- Step 2. *Data Collection*** – Segal will request data (i.e., claims data, administrative procedures, etc.) from the administrator. Execution of an audit agreement will be required prior to release of the data file.
- Step 3. *Audit Preparation*** – Segal's staff will perform in-house electronic analyses and generate the claims selection(s). The auditor will review plan documents and responses to the administrative questionnaire in advance of the onsite visit.

Step 4. *Onsite Visit* – Segal staff will perform the validation of medical benefit determinations at the administrator's claims office to ensure immediate access to source documentation and administrative personnel.

Step 5. *Report Findings* – Segal will prepare and present a draft report of findings and recommendations for the administrator's review. Our final report to the City will include a copy of the administrator's response.

Data Collection and Preparation

Following approval to proceed with the audit, Segal's auditor will contact each administrator to request an electronic file of claims payments.

The following are required from the City to ensure timeliness and accuracy of the review procedures.

- Authorization to each administrator for Segal to review all claims records and obtain data necessary for the respective reviews.
- Name, address, and phone number of the administrative contact for purposes of coordinating the data collection and audit phases.
- Copy of the administrative contract(s), including applicable performance guarantees, outlining the administrator's responsibilities.
- Copy of the Plan documents, master policy, and benefit summary, complete with all amendments.
- We will contact the administrator's representative with a list of specific data requirements for our respective reviews. The administrator's will be asked to facilitate our audit process with the following.
- A data file will be requested of all claims paid during the audit period for use in selecting the claims to be examined. The onsite dates will be scheduled at a mutually agreeable time, typically three to four weeks following confirmation the claims data was received in a readable format.
- An adjudication procedures questionnaire will be sent to the administrator for written response to be returned to our office prior to the scheduled onsite review.
- Administrative personnel will assemble all documentation (i.e., precertification, hospital audit, case management) prior to our onsite arrival. Segal will provide a list of claims selected for audit in advance of our onsite visit.
- The auditors will meet daily with a designated individual to review any errors or respond to questions of clarification so all matters are resolved at the conclusion of our onsite visit.

Adjudication Procedures Review

Our approach to claims reviews begins by gaining an understanding of the foundation utilized to administer your specific plan benefits. An advance questionnaire details administrative procedures that are an integral factor in the proper adjudication of plan benefits and have a potential impact on claims processing. Responses will be compared to the plan document and industry practices; our electronic query analysis and onsite review of sampled claims will ensure consistency in application. Key topics include:

- Eligibility interface with the claims processing system.
- Detection and investigation procedures for eligibility, other coverages, and improper billings.
 - » on-the-job injuries/illnesses
 - » third party liability (subrogation)
 - » coordination of benefits
 - » dependent provisions
 - » fraudulent claims
 - » unbundled claims and inflated codes
- Utilization review program interface with the claims processing system.
- Determination and effectiveness of discount arrangements and designated non-contracted allowances.

Electronic Audit/Target Sample

We will conduct a number of in-house electronic analyses designed to identify potential deficiencies in the programming of variables between plan options (i.e., network and out-of-network). While electronic data analyses provide the capability to review 100% of paid claims, they work under the assumption that all data was properly entered into the claims system and that the examiners followed established administrative procedures.

This electronic approach allows us to conduct a high-level review of plan variables and limitations, which provides greater value in your audit results. While certain electronic reviews can identify systemic errors (i.e., incorrect deductible or copay programming), suspect errors require review of hard copy documentation and system notes to validate the accuracy of electronic reports.

Assuming the required data fields are provided by the administrator, we propose to perform the following electronic reviews.

- Duplicate Claims Analysis
- Major Plan Exclusions and Limitations
- Copayment Application

Target samples will be reviewed only for the identified exception (i.e., duplicate payment, deductible calculation, copayment amount, payment of plan exclusion, etc.); this process assists in validating proper plan determination programming while minimizing audit costs. The electronic review of plan variables will allow us to combine all claims into one population for statistical sampling purposes.

Statistical Sample

A stratified sampling of claims by dollar amount gives large claims more valid representation and will provide a level of confidence in the overall financial impact of our audit findings. Stratified claims audits provide statistically valid results that are recognized as an acceptable method for measurement of and comparison to performance guarantees or industry standards. All stratified samples provide statistical validity in both the financial impact (dollars) and incidence (number of errors).

It has been our experience that most administrators will not support audits that utilize a completely non-statistical or focused electronic methodology. With a combined target and statistical sample approach, we anticipate that the administrator will agree to the constructive nature of our proposed review.

Stratified Sampling Methodology

Segal uses stratified sampling to audit claims for financial accuracy. A stratified sampling of claims by dollar amount gives large claims more valid representation and will provide a level of confidence in the overall financial impact of our audit findings.

This method minimizes the cost of the review while maintaining statistical validity of the audit results with the following approach:

- Multiple payments for a single claim are combined
- Negative claims (adjustments from prior periods) and zero paid claims are eliminated from the sample population unless otherwise directed
- The claims data is then grouped into dollar range categories
- The number of claims and proportion of claims dollars to total dollars in each stratum are determined by actuarial staff
- Actuaries determine the actual sum of claims to be sampled in each stratum so as to minimize the sum of the variance of sampled claim amounts and the variance of the assumed error rate
- Claims to be audited are randomly selected from each stratum
- The selection is tested for minimal variance and generated until an acceptable variance is achieved

Segal's stratified sampling methodology combines stratified and random selection techniques in a fashion that provides statistical validity in both the financial accuracy and incidence (number) of claims processed without error. The formulas used to select the sample size and compute the confidence intervals were developed by Segal for use in sampling for rare events. It is based on a direct calculation of the binomial distribution and uses acceptable statistical methods from the standard literature on sampling (Cochran, 3rd edition).

Statistical samples are comprised of three components: confidence level, precision, and the expected error rate determine the sample sizes. If the observed error rate in the sample is higher than the predetermined assumed error rate, the confidence interval (precision) is adjusted based upon the actual frequency of errors, while maintaining the desired confidence level.

Onsite Review

Using the administrator's claims processing system and documentation (i.e., claim form, provider bill, case management documentation, etc.), Segal's auditors will complete a worksheet for each sampled statistical claim as if she were making the initial benefit determination, tracking each claim from the time it is received in the office through each step of processing to verify:

- Claims were paid only on behalf of eligible individuals based on records contained in the claims system.
- Documentation (i.e., provider bills, physician statements, utilization review decisions or penalty findings, surgical reports, etc.) is on file for claims paid and verified when necessary.
- Amounts paid were within the network discount fees or designated non-contracted allowances. We will ascertain if claims personnel have properly reviewed or referred claims as appropriate; however, we do not determine medical necessity.
- Benefits were paid under the proper classification, diagnostic, and procedure codes as an incorrect entry may affect payment accuracy or future benefit determinations.
- Coordination of benefits and subrogation provisions were enforced, where applicable.
- Appropriate benefit limitations, deductibles, copayments, coinsurance, and out-of-pocket maximums were applied.
- Payment was made to the proper party (i.e., the provider of service if benefits were assigned; claimant if benefits were not assigned).
- Turnaround time for processing of claims was within industry standards or established performance guarantees.
- Duplicate claims have been properly denied.
- Claims system logic for examiner edits and auto-adjudication capabilities.
- Arithmetic calculations were correct.

Benefit target samples will be reviewed only for the identified exception (i.e., duplicate payment, deductible calculation, copayment amount, payment of plan exclusion, etc.); this process assists in validating proper plan determination programming while minimizing audit costs.

We will provide worksheets with discrepancies, comments, or questions of clarification to the designated claims representatives on a daily basis for review and comment. Segal's auditor will provide copies of each worksheet with an error or comment to the administrative representatives on the last day of our visit. This process will assist in their review of our draft report.

Report of Findings

The report will document the results of each review component and summarize areas we believe may be of interest to the City. As appropriate, we will discuss areas requiring improvement with the onsite claims representatives.

Our qualitative analysis is based on conclusions drawn from information gathered throughout the audit, relying on contract requirements, auditor's experience and judgment, and acceptable industry practices. Segal's report documents the results of the audit process and summarizes the onsite findings. Our goal is to provide recommendations that address any problems uncovered in the audit that will be beneficial to the administrative efficiency and/or financial position of the Plans.

Procedural and payment errors identified through the stratified claims sample will be displayed in table format. Our report will make comparison to industry standards and/or existing performance guarantees.

We will submit our draft report to the administrator for review and comment prior to presenting our final report (including a copy of their response) to the City. We believe this practice promotes a constructive process by all parties, allowing the claims office an opportunity to explain their position and identify corrective action that has or will be taken. Should significant system errors be identified in this review, we will follow-up with the administrator on a recommendation to provide impact reports of affected claims.

Why Segal?

Employers cite the following reasons for selecting Segal as their health plan claim audit service provider:

- Collaborative and strategic approach partners with health plans and claims payors to improve processes
- Customized services to meet your review objectives and budgetary concerns (one size doesn't fit all)
- First major employee benefits consulting firm with health claims auditors on staff (since 1973)
- Well developed process with a detailed and easy to read report
- Audit staff expertise in health insurance administration and auditing exceeding 40 years of experience
- Resource expertise as one of the nation's top 10 benefit consulting firms
- Highly developed manual and system capabilities

Segal's auditing philosophy and overall approach is only exceeded by our commitment to our clients. Segal prides itself on delivering the highest level of professional auditing services.

Pharmacy Audit

Through our National Pharmacy Benefits Practice, Segal employs technical and clinical expertise focused on the prescription benefit marketplace with extensive knowledge of the latest trends and services of the various PBM vendors. Our prescription drug benefit-consulting specialists provide clients with valuable findings and solutions to improve the performance and quality of their pharmacy benefit services. We have redefined some of the financial analyses performed in the industry, and created innovations in program design, and management, some of which are now being implemented by our competitors and marketed by the vendor community. We have extensive experience in conducting pharmacy claim audits for a variety of different plan sponsors including many state and local government accounts.

The primary objective of a prescription drug claims audit is to confirm that the PBM has implemented the pharmacy benefit as stipulated in the contract. We commence the audit process by requesting detailed claims data from the PBM and then conduct a detailed electronic review of each claim to ensure the claims adjudication properly reflects the contracted financial agreement and confirming performance guarantees. Segal then works with the PBM to identify and resolve any deviations from the contract and determine next course of action. Upon completion of the electronic review and PBM negotiation a comprehensive audit report will be delivered that presents findings, resolutions and supporting documentation.

Segal clinical and data analytic experts are available to the client throughout the audit process including final negotiation between client and PBM to resolve any findings.

Core Services

Highlights of our analysis include:

- Validate that all contractually guaranteed discounts and dispensing fees have been achieved
- Identify areas of improper or inadequate coding
- Determine if charged fees are accurate (i.e., were fees charged for non-payments, errors, etc.)

The following summarizes the key components included in our prescription drug claims audit:

- **Discounts & Dispensing Fees** – We evaluate the discount and fees applied to each claims to check for accuracy and consistency to contractual terms. Segal utilizes independently sourced Average Wholesale Price (AWP) data from Medi-Span® in order to validate the AWP cost basis for the claims. Our process takes into account several complexities normally found in PBM contracts including: pricing rules associated with pharmacy usual and customary rates compared to member co-pays/coinsurance, pricing terms for specialty drugs, aggregate discount guarantees, the timing of pricing changes, and pricing exclusion rules. Each of these factors gives rise to errors and inaccuracies that we typically find in the audit process.

- **Formulary Rebates** – Our audit will review invoices to compare contractual minimum rebate guarantees to paid rebates. Rebate run out or rebates that incurred but paid after the end of the audit period are estimated based on claims utilization.
- **Administrative Fees** – We review all administrative and miscellaneous fees charged over the course of the audit period to ensure that they were appropriate, authorized, and consistent to contractual terms.
- **Duplicate Claim Analysis** – We review claims to identify any potential duplicate billed claims and fees charged in error.

Optional Services

Segal's Pharmacy Audit team can also perform a plan design review of the City's pharmacy benefit, if requested.

Our approach is to review 100% of the claims to ensure all plan rules in effect during the audit period comply with contracts and plan design documents. We evaluate: member copayments or coinsurance, identification of preferred or non-preferred drugs, plan quantity maximums, drug exclusions and limitations, pay-the-difference calculations, and out-of-network reimbursement rules. This will also include a review of proper administration of out-of-pocket maximums and any deductibles.

We are happy to discuss this optional service with the City during the Implementation/Kick-off Meeting.

To summarize, Segal's claims auditing value and expertise goes beyond standard consulting services. Our Claims Audit Division has been assisting clients since 1973 through onsite and desktop audits of self-funded plans administered by carriers, third party administrators, and self-administrators nationwide.

3.1.8 Contractor Proposal Development, Evaluation and Negotiation Assistance

The Contractor shall assist in the development, evaluation and negotiation of future Requests for Proposal(s) that may include medical claims administration, individual medical stop-loss, care management and pharmacy benefit management. If the City elects to utilize the Contractor for assistance in any part of the solicitation, negotiation, or contract process, the Contractor cannot submit a response to the solicitation or be considered for Contract award for these services.

- 3.1.8.1** *The Contractor shall adhere to the policies, procedures, and guidelines provided by the City's Purchasing Office and Human Resources Department.*
- 3.1.8.2** *The Contractor shall provide a written summary to City of each proposal review conducted, including Contractor's recommendation for award. The summary shall include as applicable:*

- 3.1.8.2.1 Provider discounts**
- 3.1.8.2.2 Provider networks**
- 3.1.8.2.3 Pharmacy discounts – both mail and retail**
- 3.1.8.2.4 Pharmacy networks**
- 3.1.8.2.5 Alternative plan design options, such as individual medical stop-loss deductibles.**

3.1.8.3 The Contractor shall assist the City in negotiating competitive fees, rates, discounts and services

Segal has worked on procurements for the City of Houston, University of Virginia, City of Atlanta, Illinois Central Management Services, Pennsylvania Public School Employees' Retirement System Health Options Program, State of New Hampshire, State of Hawaii, State of Colorado, Alabama Public Education Employees' Health Insurance Plan and many other public sector entities across the country.

Segal assists hundreds of organizations annually with vendor selection, negotiation, and management/maintenance. This is a core service our health practice provides our clients for all benefit types:

- Medical, including Medicare Advantage
- Third Party Administrator
- Pharmacy, including PDP/EGWPs
- Dental
- Vision
- Life Insurance
- Disability
- Ancillary Benefits (Hospital Indemnity, Cancer, Critical Illness, Accident, Long-Term Care, Universal Life, etc)
- Flexible Spending Accounts

Your Segal team is highly experienced in supporting public entities in procuring vendors for their benefits programs. Some recent examples with direct involvement of your Core Team include:

- **Maryland Department of Budget and Management** – Medical, Wellness, Disease Management, Dental and EAP programs were reprocured for the 2015 plan year to support a new value-based benefit strategy that utilizes innovative provider performance based incentives. State and membership are expected to share \$4B in savings over the life of the new contracts (from a base cost of \$20B).
- **Alabama PEEHIP** – Wellness and Disease Management services were recently procured to support and new value-based benefit strategy being implemented in 2015. Segal assisted PEEHIP during negotiations with the incumbent vendor for these services, but it was ultimately concluded that the vendor could not adequately support the new strategy and it would be necessary to explore the market for a vendor that could support the new program. After a very competitive bid process, a new vendor was selected that can support the

reporting and operational aspects of the strategy and will provide extremely effective wellness and DM program services, netting an expected 2-3% in savings annually.

- **City of Houston** – Medical, Pharmacy, Life Insurance, Wellness and Disease Management services were procured for the 2014 plan year. The City pays a local provider group a capitated rate in exchange for the group providing all professional services on a closed/limited provider network basis – a true EPO. Inpatient admissions (and readmissions), ER and urgent care utilization and generic dispensing rates are substantially more favorable in the EPO as compared to the PPO, which utilized largely the same providers. Trend in the EPO has been 1% over the last three years. We are currently assisting them with MA-PD and Disability RFPs for the upcoming plan year.
- **Georgia State Health Benefit Plan** – In 2012-13 (for the 2014 plan year), Segal assisted in the procurement of Medical, Pharmacy, Wellness, Disease Management and Medicare Advantage services. Prior contracts provided these services on a fully integrated basis. After an opportunity assessment (conducted by Segal), the new contracts were procured on a best-in-class basis (carve-out). The resulting contracts improved pricing and are anticipated to reduce costs (via improved medical management and wellness programs) by 10-12% annually.

Evaluating proposals from bidders with different and innovative provider reimbursement structures requires care, experience and expertise. This is particularly true with state-level procurements that usually conducted under great public scrutiny. The City needs to partner with an actuary and consultant that is comfortable and experienced in such a setting, and also has a proven track record. Segal is that firm.

Overview of RFP Process

The following is a description of the complete procurement process. We are capable of “running the show” and handling all aspects of procurement, or providing targeted support on an as-needed basis. We will work with your procurement staff to provide the required level of assistance and ensure the process is compliant with the City’s procurement protocols.

Development and Evaluations of RFPs – Our Approach

The following is an abbreviated step-by-step description of the complete procurement process.

Step 1: Planning Meeting



The first step on the proposal process is to meet with the City and decide upon future strategic benefit objectives that will drive the requirement of the RFP.

Step 2: Identify Criteria, Develop Detailed RFP & Release



We will prepare a detailed set of technical questions and financial templates for the RFPs, based on the plan designs desired by the City. Specifications include a detailed questionnaire, as well as financial bid forms designed to ensure that information provided is complete and comparable.

Step 3: Collect Proposal & Interact with Bidders



Interaction with bidders after the proposal is released to the market can be labor-intensive, but is essential to ensuring that proposals are complete, accurate, and competitive. We expect to work within the City's purchasing rules and support these activities.

Step 4: Evaluate Proposals



We will compare and analyze all responses, focusing on key financial and non-financial issues. Each RFP will have unique items to consider and score appropriately. During this step, we will work with the vendors, as permitted, to resolve any questions or discrepancies in their proposals.

Step 5: Prepare Report of Findings



The result of our proposal evaluation is a summary report highlighting key findings and presenting the detailed evaluation of components of bidders' proposals. Our report will ultimately serve as a complete document of the process, including subsequent events and developments including the Best and Final Offer (BAFO) and negotiation phases.

Step 6: Interviews & Finalist Process



The interview will allow the City to verify the finalists' services and capabilities beyond the written word. Segal will work with staff to develop vendor-specific meeting agendas and be available to facilitate such meetings, if requested. We will also work with the City during the BAFO process.

Step 7: Award Contract



Once a preferred vendor is determined, we will assist the City in confirming the decision and finalizing the contract. It will be important to incorporate all the key performance metrics and have significant penalties for under performance.

Step 8: Implementation



If requested, Segal will work closely with City staff and the selected vendor to ensure the target implementation date is met. A smooth transition from the incumbent vendor to the new vendor is critical.

We provided additional details on each step in our responses to the questions below.

Tools & Capabilities

Segal's health care consultants utilize several analytical tools to support the RFP process. We customize our vast array of technical resources for your specific needs, ensuring that we provide the high level of quality consulting that our clients expect and to support our client's decision making process. Segal is on the cutting edge of health care industry trends and relevant legislation, and we update and revise our tools, as needed, to provide maximum value to our clients. We have at our disposal several analytical tools and resources to support our engagements as may be appropriate, including:

- **Proposal Tech (Electronic RFP Tool)**-This software automates health RFP bidding and analyses processes. The system has the capability to attach necessary data required by a third party administrator, insurance carrier or vendor in order for them to calculate and

provide competitive quotations. This tool allows client access to watch the process unfold and expedites correspondence with vendors as well as revisions to the RFP as necessary.

- ***Discount Analyzer***-This tool was developed to create a standard and uniform method for comparing various physician fee schedules in a way that is statistically valid, informative and easy to understand. This is accomplished by comparing multiple physician fee schedules to a common point of reference that is widely known and accepted, Medicare reimbursement levels. This tool also has the ability to break down fee schedules into 28 separate service categories, allowing Segal to detect schedule inconsistencies and/or isolate services of interest.
- ***Disruption Modeler***-The model is developed to support our analysis of the bidder networks. The results represent the amount of services or claims that would be "disrupted" as a result of not being in the other carrier's network
- ***Performance Guarantee Standards***-While vendors generally are willing to provide performance guarantees and to back them up with specified dollar "penalties" if they should fail to meet the required standards, many vendors have not been asked to include such guarantees of their performance. The trick is to develop performance guarantees that are meaningful and useful to the client, and are measurable. The developed guidelines were prepared to assist Segal staff and the client to accomplish this
- ***Industry Pricing Database***-We have access to all industry standard pricing databases, (e.g., Medispan), so we can accurately and independently reprice claims
- ***National Claims Database***-Segal is one of a few major consulting firms to purchase claims and discount data from the major healthcare providers. This data is routinely updated and can be used for client specific discount analysis
- ***Scoring Methodology***-Segal developed a robust scoring methodology that is designed to differentiate proposers' capabilities in a number of areas. This methodology is customizable to each client's priorities for a vendor
- ***Predictive Modeling***-We have an arrangement with a number of vendors that allows for customized, in-depth inquiry into health cost and utilization data. This allows measurement of outcomes, comparison to normalized benchmarks, and conducting predictive modeling to align plan design
- ***The APEX Actuarial Rate Modeling System***-Developed together with the APEX Management Group, we use this rate modeling system to support our actuarial work and negotiations with health insurers. This model is often used to independently evaluate the appropriateness of insurance carriers' premium rates for a given client based on their plan design, demographics and other factors. The system can also be used for modeling alternative plan designs, deductibles, copays, etc.

Typical Bid Schedule

Below is a timeline that highlights the project plan corresponding to the steps during this process for a medical bid. These are representative and will need to be finalized after the award. These projects typically take 6 months to complete, leaving time before and after for planning and implementation. A less complex bid such as for dental or supplemental benefits administration may take a few as eight (8) weeks.

Preliminary Timetable for Bid Process	Projected Date
Initial meeting to review plan history objectives and discuss parameters of bidding health plan. Collect employee demographics, historical plan and provider elections, carrier reports, claims data, and employee communication materials and review current contracts.	Week 1
Analyze current plans, evaluate changes to plan design, and develop work plan to go to market. Segal will draft and prepare RFP and develop questions to be answered by bidders.	Weeks 2 – 6
Distribute RFPs to potential vendors, host pre-bidders conference and receive proposals. Segal will release the RFP to the market, work with the City and participate in the bidder conference, and assist the City in responding to questions submitted by the bidders. We will receive copies of the proposal submissions.	Weeks 7 – 10
Provide RFP Analysis of all proposals We will review and analyze the proposals and follow up on necessary items. Once we have completed our initial review and analysis of the proposed bidder responses we will finalize all proposal information, perform our final analysis of the proposals, and present the preliminary findings to the City.	Weeks 11 – 18
Conduct optional finalist meetings/interviews. Segal will work with the City to conduct the “best and final” negotiations. We will assist you and provide our recommendation on which carriers should be selected as a finalist and awarded the contract. We will also work with the City to begin contract negotiations and performance guarantees.	Weeks 19 – 23
Support committee vendor selection recommendation to management and committees. We will review the vendor contract documents, assist with the vendor debriefings, as necessary and integrate the vendor selection into the annual renewal process.	Week 24

Summary

The process discussed above can be modified to reflect the employer sponsored benefit being procured. Our consultants, actuaries and technicians are highly experienced in providing procurement and RFP support for the procurement of all vendors, carriers and administrators necessary for your benefits program.

In summary, the Segal has the expertise and experience needed to support the County in procuring the best administrators, carriers and vendors to optimize the financial, administrative and operational performance of the County.

3.1.9 Retiree Medical Plan Options

The Contractor shall assist the City with Pre-65 and Post-65 medical plan options for its retired population. The Contractor shall provide benchmarking, plan comparisons, presentations, strategy planning, and data related to Medicare Advantage plans, Health Insurance Exchanges, and other post-employment medical options.

The cost of retiree health coverage, which is already a serious concern for sponsors of public sector health plans, has already become the focus of increased attention as the Governmental Accounting Standards Board (GASB) has issued its final standard on reporting liabilities for retiree health and other post-employment benefits. Segal has participated and advised throughout the development process of this standard and is prepared to assist the City in addressing the issues that flow to benefit program design as a result of the reflection of retiree liability on the organization's balance sheet.

Segal can provide the following plan design services to assist the City in managing their retiree health costs:

- Reviewing and revising eligibility rules,
- Setting up purchasing coalitions,
- Negotiating discounts from pharmacy benefit managers (PBMs) and other vendors,
- Developing new ways to coordinate coverage with Medicare, including a supplemental approach, and
- Assessing features that may encourage retirees to become better health care consumers.

At Segal, we know that costs for retiree's health coverage need to be examined with varying time horizons. A short-term view requires an analysis of current retiree costs over the next two or three years. Recommendations for handling short-term issues may include plan design and participant contribution alternatives. Plan design issues for retiree health coverage are very similar to plan design issues for active coverage but with heavier weight on prescription drug coverage and Medicare integration, the two forces driving health costs for Medicare retirees.

As the horizon moves long-term, the impact of new retirees must be considered. This will typically include preparation of an actuarial valuation of those costs since this analysis will look at costs five to ten years out and consider long-term planning of more than ten years. Areas that may be reviewed include eligibility for retirement and replacement ratios (coordination with pension plan issues and concerns). Long-term funding and reserving may be addressed. Strategies that provide benefits that vary based on age or service can be developed as well as plans that provide caps on costs to the program.

With the publication of the Government Accounting Standards Board (GASB) exposure draft on accounting for other post-employment benefits, public employers must begin reflecting the annual cost and liability for health benefits promised to retirees on their financial statements. Segal can assist the City in analyzing retiree health liabilities and in designing the retiree benefit program to balance costs.

Segal also consults to many retiree-only groups that have been formed by the judge in a bankruptcy proceeding of a large corporation to serve as a creditor on behalf of the health benefits promised to retirees. In some cases the corporation emerges from bankruptcy and the benefits for retirees are continued. In other cases the corporation is liquidated and health benefits for retirees may be funded through a VEBA trust. Segal provides actuarial and benefit consulting services in all of these cases.

3.1.10 Compliance Assistance

The Contractor shall provide Centers for Medicare and Medicaid Services (CMS) annual retiree actuarial attestation of the City's retiree medical plans necessary for filing for Medicare Part D claim subsidy with CMS.

To qualify for the federal subsidy, private (non-federal) retiree prescription drug plans must demonstrate an actuarial value equal to or greater than the standard Medicare Part D benefit design. Segal's approach and process for completing the actuarial attestation is based on the most recent guidance provided by CMS. We note that the recent guidance requires testing on a gross and net basis, using actual claims data from the Plan and testing each distinct retiree prescription drug offering.

An attestation of actuarial equivalence will be required for the retiree prescription drug plan.

1. We will provide the City with a detailed data request that will ask for plan details, census and enrollment, detailed claims data by individual, and rebate experience.
2. Segal will then determine actuarial equivalence on a gross value basis by comparing the City's benefit plans.
3. Once the Gross Value Test has been passed, we will complete the Net Value Test. This may involve combining various plan options, as well as determining how to allocate retiree contributions between medical, drug and other coverage. If there is more than one prescription drug plan or retiree contribution scenario, we will work with you to determine the appropriate plans to be combined for the Net Value Test.
4. Our work will also provide you with an estimate of the subsidy you will receive from Medicare if the Plans are found to be actuarially equivalent.

Segal's actuaries will review with City staff alternative methods for determining the subsidy amounts, actuarial equivalency and cost modeling, to arrive at a method that is appropriate and advantageous for the City's programs.

In order to receive the subsidy, the City's plans must have an actuarial certification prepared by a member of the American Academy of Actuaries, and must attest annually to the Centers for Medicare and Medicaid Services (CMS) that the benefit is actuarially equivalent. We will provide this attestation. The District must also disclose certain data to Medicare, arrange for claims information to be submitted to Medicare and tell participants and their spouses whether the benefit plan is equivalent to Medicare Part D.

We will prepare a summary report of our findings regarding actuarial equivalency with Medicare Part D. To the extent that the program is not actuarially equivalent with Medicare Part D, we will

suggest plan design changes that will help bring it into equivalency. At the appropriate time, our actuaries will prepare a certification of equivalency for the plan for the City's use in filing for the federal subsidy payments.

If the City moves forward with a change in benefits by adopting an Employer Group Waiver Plan, Segal's experienced team can assist the City in the implementation process as it relates to administrative preparedness and the development of a comprehensive member communication strategy, both critical elements for a successful implementation of such a complex program.

3.1.11 Annual Strategy Meeting

The Contractor shall annually provide strategic planning of the City's benefit programs to forecast the next 3-5 years of benefits programs based on industry trends, legislative requirements, claims experience, and City of Austin Management focus.

It is standard practice for our benefit consultants to begin any significant benefits initiative with a "strategy session" in which priorities, goals, philosophy, history, culture and timing are discussed thoroughly. The outcome of this session will be a summary of the guiding principles for our work together that will serve as a benchmark against which design ideas will be tested or measured. Your primary consultants, Laine Ingle, Gina Sander, and Ruth Ann Eledge will meet with the City strategize and determine the goals of the plan and will review the benefit plans carefully to understand the plans currently in place.

Benefit design difficulties or challenges that arise during the process of fleshing out plan details often can be resolved by "testing" them against the principles established at the beginning of the process. A strategy session also allows us to describe at a high level the interrelationship between various components of benefit, compensation, and workplace issues.

The strategy meeting will allow Segal to gain an understanding of the current structure, operations, and issues with the City's benefit programs, as well as staff opinions and observations about the future directions for the programs. This strategy session can be seen as a subset of the first step of the procurement process where we determine the City's overall benefit strategies. This meeting will take place on an annual basis whether it's a renewal year or a procurement year.

We want to ensure that everything that is done in this initial phase will be in concert with long-term objectives for managing risk, while at the same time includes current industry standards. All of this will support the City's ultimate goals of effectively recruiting and retaining the best employees.

Immediately upon being chosen for this engagement, we will schedule a meeting with City staff to clarify the scope of the consulting engagement. At the strategy meeting, we will:

- Confirm the goals and objectives of the consulting engagement;
- Present a preliminary consulting plan based on our understanding of the engagement, and discuss the plan, project scope and timelines in detail;
- Establish parameters for keeping the administrative staff updated, adjusting the consulting plan to fit the Fund's specific needs; and
- Identify data needed for the overall engagement.

Experience has demonstrated the benefits of Trustees engaging in ongoing meetings and dialogue where health care strategic planning is a significant part of the agenda. Segal consultants typically use this time to facilitate Trustee discussion around health plan goals and objectives. We use a three-step approach that is diagrammed below and summarized in the following paragraphs.

Three Step Approach

Vendor Management	Plan Management Strategies	Individual Health Care Management
<ul style="list-style-type: none"> • Competitive bidding • Contract negotiation • Vendor performance audits 	<ul style="list-style-type: none"> • Plan design • Plan cost modeling/actuarial services • Funding options and strategies • Reserve adequacy • Contribution strategies • Coverage rules and protocols 	<ul style="list-style-type: none"> • Wellness and prevention programs • Disease management programs • Catastrophic claimant programs

3.1.12 Other Services

The Contractor shall conduct research or additional vendor proposal reviews, provide presentations, attend meetings, and perform other work similar in scope, as requested by the City.

Below are additional services that Segal can provide to the City.

Administration and Technology

Segal provides public sector benefit plans with practical solutions to benefits administration and technology needs. With more than 40 years of experience in this field, we assist our clients in improving the efficiency and cost-effectiveness of their benefits administration functions.

Results

Whether it is through improving work processes, maximizing the use of technology or recruiting and restructuring internal resources, our services allow clients to:

- Reduce administrative expenses
- Save time
- Improve participant services
- Increase organizational productivity

Our services include:

Administration

- Operational Review
- Feasibility Studies
- TPA Searches and Implementation
- TPA Services
- Vendor Performance Monitoring

Technology

- IT Assessment
- Strategic Planning
- Technology Selection, Implementation and Testing
- Website Development
- HIPAA Compliance Review

Claims Audits (listed separately above)

- Claims Audits
- Implementation Reviews
- Eligibility Assessment/DEVAs

Human Resources

- Organizational/Staffing Review
- Recruiting
- Salary Studies
- Human Resources Related Training

We also assist health plans with Health Insurance Portability and Accountability Act (HIPAA) compliance efforts, including Electronic Data Interchange (EDI), privacy and security compliance.

Segal Select Insurance

Segal Select Insurance, a subsidiary of The Segal Group, is the largest retail insurance broker dedicated to fiduciary liability insurance and fidelity bonds for multiemployer and public sector plans, which gives us unmatched recognition in the insurance marketplace. We are also experts in employment practice liability insurance and cyber liability insurance. We offer extensive experience obtaining insurance policies that offer broad coverage and competitive premiums.

Segal Select Insurance has been offering brokerage services since ERISA was enacted in 1975, and we were instrumental in developing the language of the original fiduciary liability insurance policy. We can also help trustees obtain union liability insurance, and through our strategic partners, we can even assist in certain traditional property and casualty insurance coverages.

A broker you can trust.

- **Experience:** Our staff includes eight licensed insurance brokers with over 100 years of aggregate experience and an average of almost 15 years per broker. Segal Select Insurance and our professional brokers maintain requisite insurance licenses nationwide.
- **Knowledge:** Our clients, fund counsels and insurance carrier underwriters recognize our technical knowledge of fiduciary liability insurance. We regularly provide technical communications and host educational webinars.
- **Transparency:** Segal Select Insurance accepts only industry standard commissions. We neither negotiate nor accept from insurers any incentive or profit-sharing revenues. We annually disclose to our clients all commissions earned.
- **Service:** We strive to provide excellent client service. With our specialized knowledge, we can explain complex coverage issues, respond to inquiries, and clearly and effectively communicate the technical aspects of these coverages to the board of trustees.
- **Resources:** We use a proprietary and confidential fiduciary liability insurance benchmarking database that currently analyzes the activities of more than 1,000 plans. Our benchmarking database — the most comprehensive of its kind — can help trustees and plan sponsors decide what limit of liability to purchase and evaluate the competitiveness of a quoted premium. Because this database is updated annually, it can also help identify limit of liability and premium trends.

Public Sector Services

Plan sponsors agree to perform a valuable service for their employees. They also take on a tremendous responsibility — and if something goes wrong, they can be held liable. Segal Select Insurance understands what is at stake and provides extensive services to assist with all aspects of insurance brokerage.

1. ***Fiduciary Liability*** Our experts can help public sector entities protect themselves against lawsuits alleging a breach of fiduciary duty.
2. ***Cyber Liability*** Today's hyper-connected world demands that plan sponsors protect their employees' personal information and provide liability insurance protection.
3. ***Employment Practice Liability Insurance*** Because employment practice litigation is widespread, plan sponsors should consider insurance that covers the defense, settlement and judgment costs of potential suits.

Fidelity Bonds Our experts can work with fiduciaries of employee benefit plans to become bonded in order to cover the plan from loss of assets due to fraud or dishonesty

Segal Marco Advisors

Segal Marco Advisors provides a full array of investment services for traditional advisory and outsourced CIO relationships. Our services are all supported by a deep commitment to fundamental and strategic research. The Segal Marco Advisors team of leading industry experts helps clients stay ahead of economic trends and achieve maximum results.

We add value to investment programs through a broad range of customized solutions designed to assist clients at every stage of the investment process. Our services and programs are tailored to each client's unique needs. Our objective is to help clients achieve their goals and fulfill their fiduciary responsibilities to the various constituencies served by their investment programs.

Investment Solutions

Segal Marco Advisors provides independent investment consulting services designed to assist clients with the information they need to organize and implement effective investment programs including:

- Investment guidelines and objectives
- Asset allocation studies
- Asset-liability studies
- Investment manager searches
- Mutual fund searches
- Performance evaluation
- Alternative investments research
- Ongoing plan monitoring
- Investment management fee analysis
- Trustee education and training
- Vendor searches
- Special studies

Defined Contribution Consulting

Segal Marco Advisors has over 25 years of experience constructing, implementing and monitoring defined contribution plans. Our clients benefit from our combination of modern investment tools and our depth of research and experience to help with progressive decision making within their organizations. Our extensive experience makes our firm uniquely qualified to structure successful and fully transparent deferred compensation programs.

As a full-service firm, Segal Marco Advisors is one of the few consulting firms to have a dedicated team of experienced defined contribution professionals with extensive regulatory and compliance knowledge, investment expertise and experience in conducting vendor searches and plan assessment studies. Our defined contribution consultants benefit not only from top-notch investment research and tools but also from being part of a full-service consulting firm with a strong market presence in the public sector

Implemented Investment Solutions

Segal Marco Advisors has developed a set of industry-leading tools and capabilities to implement the advice we give to our clients in an efficient, cost-effective and conflict-free manner. Through tools such as our platform of asset managers and our asset allocation and liability analysis capabilities, we help clients meet their short- and long-term return objectives.

Segal Marco Advisors helps investors improve their investment results through better governance, policy and guideline creation, implementation and ongoing monitoring. By implementing decisions efficiently and effectively, we can improve the likelihood of long-term success and minimize downside volatility in the process.

Both of these companies could provide additional services beyond those actuarial and consulting services discussed in Segal Consulting.

3.1.13 Legislative and Regulatory Review, Notice and Compliance

The Contractor shall monitor proposed and/or enacted state and federal legislation or regulatory changes and procedures from entities including, but not limited to: Internal Revenue Service (IRS), Department of Labor (DOL), CMS, and other agencies that affect benefits such as the Health Insurance Portability and Accountability Act (HIPAA), Medicare Part D, etc. The Contractor shall notify the City of changes in law, regulations, or other requirements that affect the City within 30 days of enactment. The Contractor shall be responsible for the implementation of any changes required by state or federal laws or administrative rules or regulations. This task shall be provided at no additional cost to the City.

Segal's Health Compliance specialists actively work with regulatory staff to understand how existing and coming regulations and guidance will affect our clients and their specific situations. Our consulting and compliance staff will advise the City on all applicable federal, state and local laws that may affect local city and county-sponsored benefit programs. We will assist in identifying and reviewing fiduciary responsibilities, impact of legislation and pending regulatory changes, and short and long-term costs for required plan changes. Our proprietary models help Clients assess the impact of federal subsidies, penalties, taxes and fees, and plan costs or savings to the State and enrolled plan members. At meetings, we will be prepared to present legislative and industry updates or to report on specific issues as requested.

Segal has extensive resources to proactively inform, educate and prepare plan sponsors to address legislative and regulatory matters:

- **Experienced Staff.** We have a dedicated practice of Compliance experts across our firm's offices, who have established relationships with individuals closely involved with state and federal legislatures and regulatory agencies. Segal's National Compliance Practice provides our clients, consultants, and analysts with in-depth technical research and information on an ongoing basis regarding current and pending federal and state laws and regulations that may affect our clients' benefit plans.
- **Constant Monitoring.** We actively help our clients identify impactful legislative developments and compliance issues and monitor pertinent federal and state legal and regulatory developments. In addition, we have prompt access to all official documents such as proposed and final regulations, Revenue Rulings, and bills introduced or acted on in Congress.
- **News and Legal Information Databases.** Segal's Center for Information Resources employs dedicated research staff with extensive experience tracking both legislation and litigation. The research staff has access to a robust collection of research tools including specialized legal databases such as LexisAdvance and Bloomberg Law. In all of these databases, we can research specific issues, as well as create automated tracking of proposed and enacted legislation and regulations in federal or any state jurisdiction. We maintain additional memberships to organizations that track legislation related to benefits including International Foundation of Employee Benefit Plans. Of course, we also have

access to publicly available tracking tools such as Congress.gov, GovTrack.us, and the National Conference of State Legislatures. Segal licenses benefits-focused databases from BNA and CCH, which include current information on health and retirement plan legal issues. This enables us to go a step beyond providing just the official record, supplementing that with statistical analyses, bill summaries and editorial analysis that puts the legal information in context.

- **Health Care Reform Expertise.** With the passage of federal Health Care Reform legislation, the landscape for health benefits for employees and retirees has changed and will continue to change for many years and Segal has been at the forefront in reviewing and anticipating the developments relating to health care reform as the legislation was being crafted and as the agencies issue regulations and guidance. As we anticipate and closely monitor the activities of the current administration, we will bring that experience to benefit the County, in combination with our lengthy history of providing legislative and regulatory research for our clients' benefit plan needs.
- **Website.** Our website serves as a central resource of valuable information and tools for our clients. Webinars and events featuring timely topics, trends, and legislation are listed on our site. Segal publishes an array of publications, newsletters, surveys and other informative publications on a variety of topics. For clients who want to learn about the latest developments, our "Hot Topics" provide the latest news and publications at a glance.

Legislation is often policy based. We assist our clients in determining the rationale of the policy and how it may be implemented, or altered, to allow for smooth plan operation. For Federal legislation and regulation, we help to translate our understanding of the requirements into useful and actionable terms for the client. For state legislation, these analyses typically take the form of fiscal notes that must be reviewed and responded to on a short turnaround basis.

We recommend a planning meeting of the Segal consulting and actuarial team with City staff at the beginning of the contract to identify any potential regulatory or legislative developments. In addition, we will discuss with the City how they would like to be informed of any potential compliance issue that may affect the plan(s).

3.1.14 Publications

The Contractor shall provide the City with regularly scheduled publications on benefit related topics at no additional cost.

Segal will provide regularly scheduled publications (as discussed above) at no additional cost to the City.

3.2 Program Coverage Requirements – COMPENSATION PROGRAMS:

The following outlines potential projects that may be required of the Contractor. The City reserves the right to select the actual projects to be performed annually. The City reserves the right to set the start and completion dates for each project. For each section it is anticipated that the Contractor will meet with City management once in addition to conference calls.

The City's compensation program's objectives are: to attract and retain qualified employees who will be paid equitable salaries; to provide fair salaries; and to provide the City with a salary structure that enables the City to maintain a competitive position with other cities and organizations within the same geographic area.

The City's compensation program includes approximately 8,800 management, professional, technical, administrative, clerical, and general labor full time and regular part time positions (excluding sworn, seasonal and non-regular part-time employees) in 974 Job Classifications.

Segal Waters Consulting has offered consulting services dedicated to our public sector and collectively bargained clients, since 1997, including:

- Human Resources Functional Assessments
- Total compensation market studies
- Total compensation system design and implementation
- Job classification analyses
- Job evaluation system design and implementation
- Performance management system design and implementation
- Employee opinion surveys
- Cost modeling
- Labor-management facilitation
- Collective bargaining support

Our consulting approach is based on customized solutions to meet specific needs. We do not use "off-the-shelf" systems. Our goal is to maximize the value of total rewards by encouraging employee participation in our engagements. This is crucial to a successful outcome.

Human Resources Functional Assessments

We conduct assessments of all activities that support human resources. This includes evaluation the staffing, effectiveness of payroll, compensation, benefits, classification, recruitment and selection, training, employee relations, civil service rules, regulations and procedures. Our approach identifies strengths and weaknesses that impact effective human resources management.

Total Compensation Market Studies

We conduct total compensation market analyses targeted to specific comparable employers. This process identifies benchmark positions that are representative of an employer's workforce. The surveys capture information on pay ranges, maximum hiring pay rates, pay progression policies, performance-based reward systems, paid time off, health and welfare related benefits, and retirement benefits. As a routine part of any project, Segal Waters provides clients with all detailed source data received through our surveys.

Total Compensation System Design and Implementation

We design total reward systems by working with clients to develop compensation philosophies that support organizational strategic goals and compensation best practices. We frequently work with clients to transform longevity-based pay programs to performance-based systems. Additionally, we often work with our clients in a joint labor-management environment to facilitate and communicate reward system changes.

Job Classification Analyses

Classification studies include development and analysis of position questionnaires and employee interviews as the basis for evaluating and streamlining the classification structure. Additionally, we can assist in developing customized job descriptions that are consistent with legislation such as FLSA and ADA.

Job Evaluation System Design and Implementation

We develop a Point-Factor method of job evaluation for our clients that is easily understood and provides an internal hierarchy based on established factors common to jobs throughout the organization. This approach determines the eight specific compensable factors customized to support the operating environment and organizational structure of each client.

Performance Management

Based on an organization's compensation strategy, we will develop a performance management approach that includes tools to measure individual and group performance as well as tie the performance management system to a pay delivery approach.

Employee Opinion Surveys

As part of evaluating total compensation programs, we frequently design and implement opinion surveys to measure employees' preferences and priorities regarding all aspects of their rewards of work (direct compensation, paid leave, benefits programs, work environment, career opportunities, affiliation with the organization, and other aspects). Our analysis can include comparisons of demographic groups, highlighting differences by occupational categories, career stage, or other groupings. In addition, we often conduct employee engagement surveys to understand employees' level of motivation and morale, turnover potential, and other measurable aspects of commitment and engagement with the organization.

Cost Modeling

Most reward system redesigns result in a fiscal impact to the employer. Our modeling approach not only identifies the immediate impact of implementation, but also provides a multi-year perspective to identify steady employer costs.

Labor-Management Facilitation

Perhaps the greatest value Segal Waters can bring to this engagement is our unique experience working with collectively bargained workforces. Our keen awareness of the complexities of labor-management relations benefits from our National Practice Leader's experience on both sides of the bargaining table. This asset can only enhance outcomes in a sometimes conflict-

oriented process. The remainder of our team is composed of professionals who have acquired years of experience working in the collective bargaining arena.

This is exemplified by our efforts to support a joint labor-management Task Force created by the Government of the District of Columbia and several of its unions to reform the District's compensation and classification structures. This project covered approximately 7,400 District employees represented by five different unions (AFGE, AFSCME, CWA, FOP, and SEIU).

Members of this Task Force, including Segal's National Practice Leader, were invited to make a presentation at the May 2002 and 2004 National Labor-Management Conferences, sponsored by the Federal Mediation and Conciliation Service. This conference is considered the preeminent labor-management conference in the country and highlights outstanding results-oriented labor-management case studies. In addition, the Task Force presented a seminar on the District of Columbia's classification and compensation efforts in 2004 at the International Personnel Management Association's Annual Conference.

We have provided consulting services affecting compensation and classification issues to many joint labor-management committees, including:

- State of Rhode Island and AFSCME
- Adams 12 Five Star Schools and the Colorado Education Association
- Boulder Valley School District and the Boulder Valley Education Association
- City of Bristol, CT and AFSCME
- City of Baltimore, MD and FOP and IAFF
- City of Philadelphia, PA and AFSCME, FOP and IAFF
- Cuyahoga Library District (OH) and SEIU
- Denver Public Schools and the Denver Classroom Teachers Association
- Des Moines Water Works (IA) and AFSCME
- District of Columbia Water and Sewer Authority and AFSCME, AFGE, and NAGE
- Massachusetts Department of Transportation and NAGE, AFSCME, Steelworkers, Teamsters, MOSES
- Metropolitan District Commission (CT) and AFSCME
- Prince George's County Public Schools and Prince George's County Education Association
- San Francisco Bay Area Rapid Transit (BART) and AFSCME
- Yale University and HERE

Collective Bargaining Support

We are dedicated to supporting clients in all facets of collective bargaining, whether that be at the table or through technical support. Our Practice assists in developing bargaining strategies and options for all economic issues. We model comparative costs of each compensation element and can provide detailed costing models to support the bargaining process. Segal Waters is widely recognized by both management and labor as an objective and credible source of bargaining expertise. Should the need arise, we are available to provide assistance in mediation and arbitration.

Our work includes the development of bargaining proposals, economic costing models, contract language, as well as support and expert testimony at mediations and arbitrations. Our approach has always been fair-minded and objective with an aim to "win-win" outcomes.

We understand the City seeks the assistance of a consultant to perform a Total Compensation (Rewards) Report, An Equity Study, and a Market Study affecting approximately 8,800 full-time employees covered by 974 job titles.

Specifically, we understand the scope of this study will:

- Prepare a total compensation report of the City's competitive analysis to include compensation programs, employee benefits, retirement plans, and paid leave benefits to determine how the City compares to other organizations- public and private and industry specific. Specifically the report shall:
 - Identify differences in competitor's programs; assess the relative value of the components of the current Total Compensation programs; and identify elements of the benefits program that may warrant redesign
 - Apply the results to employee subgroups (or job classifications) and different lines of business as the City deems appropriate to obtain a Total Compensation value
 - Include similar benchmark comparisons from the Austin and Central Texas area, State of Texas, Municipalities and public entities, Utilities, and the National area
- Provide an equity study of the City's compensation structure to determine if employee pay is affected by gender or race, as opposed to other performance, experience or expertise factors. Specifically the report shall:
 - Provide sound research and understanding of the City's current pay history and issues
 - Collect employee demographic data (gender, race and ethnicity) and data on other factors that are typically related to pay levels, and other data such as experience, tenure and performance
 - Develop statistical procedures and conduct the analysis
 - Provide findings, conclusions and recommendations (pay equity strategies)
- Conduct a market study of the City's classification and compensation systems utilizing accepted practices in the management and design of such systems. Specifically the report shall:
 - Examine the City's current compensation plan and related components
 - Develop a study that is in accordance with generally accepted compensation methods and in accordance with applicable federal and state laws
 - Conduct a comprehensive labor market salary survey that reflects cities, other public sector entities and private industry
 - Update or develop a new pay plan identifying specific parameters (i.e. percent spreads between ranges and within ranges)

- Review and assign all positions to an appropriate pay grade
- Provide additional services which may include an analysis of existing internal hierarchy based on job relationships, identifying problems areas within the internal hierarchical system, proposing implementation methods to correct identified problems
- Provide additional services which may include conducting a comprehensive review of the current classification and grade methodology, review and make recommendations regarding the consolidation/expansion of job families and titles, and proposing implementation strategies for any recommended changes

We understand that the contractor will be expected to respond to all communication within one business day, excluding holidays; attend all necessary meetings with or on behalf of City Management as requested in person within 24 hours' notice; and provide a dedicated staff and account representative.

Our proposed work plan for this assignment includes the following steps. Our proposal recommends conducting the Total Compensation Report and Market Study concurrently in order to maximize participation in survey requests as well as the general collection of data. We have also included an optional step titled Classification Analysis should the City decide to analyze the existing internal hierarchy and/or conduct a comprehensive review of the existing current classification and grade methodology. The following are project steps to fulfill the requested services.

Step 1: Project Initiation

Step 2: Total Compensation Market Assessment

Step 3: Pay Equity Study

Step 4: Classification Analysis

Step 5: Recommendations Development

Step 6: Present Final Results

We have described each project step in more detail on the following pages.

3.2.1 Total Compensation (Rewards) Report

The Contractor shall provide a total compensation report of the City's competitive analysis to include compensation programs, employee benefits, retirement plans, and paid leave benefits to determine how the City compares to other organizations –public and private and industry specific (i.e. electric).

3.2.1.1 The analysis shall identify differences in competitor's programs; assess the relative value of the components of the current Total Compensation programs; and identify elements of the benefits program that may warrant redesign.

3.2.1.2 *The results shall be applied to employee subgroups (or job classifications) and different lines of business as the City deems appropriate to obtain a Total Compensation value.*

3.2.1.3 *The benchmark comparison shall include similar organizations from the following:*

3.2.1.3.1 *Austin and Central Texas area*

3.2.1.3.2 *State of Texas*

3.2.1.3.3 *Municipalities and public entities*

3.2.1.3.4 *Utilities*

3.2.1.3.5 *National area*

3.2.2 Equity Study

The Contractor shall provide an equity study of the City's compensation structure to determine if employee's pay is affected by gender or race, as opposed to other performance, experience or expertise factors.

The Contractor shall:

3.2.2.1 *Provide sound research and understanding of the City's current pay history and issues.*

3.2.2.2 *Collect employee demographic data (gender, race and ethnicity) and data on other factors that are typically related to pay levels, and other data such as, experience, tenure and performance.*

3.2.2.3 *Develop statistical procedures and conduct analysis.*

3.2.2.4 *Provide findings, conclusions and recommendations (pay equity strategies).*

3.2.3 Market Study

Contractor shall provide a market study of the City's classification and compensation systems utilizing accepted practices in the management and design of such systems.

The Contractor shall:

3.2.3.1 *Include an examination of the City's current compensation plan and related components.*

3.2.3.2 *Develop a study that is in accordance with generally accepted compensation methods and in accordance with applicable federal and state laws.*

3.2.3.3 *Conduct a comprehensive labor market salary survey that reflects cities, other public sector entities and private industry*

3.2.3.4 *Update or develop a new pay plan identifying specific parameters (i.e. percent spreads between ranges and within ranges).*

3.2.3.5 *Review and assign all positions to an appropriate pay grade.*

3.2.3.6 *Provide additional services which may include an analysis of existing*

internal hierarchy based on job relationships, identifying problem areas within the internal hierarchy system, and proposing implementation methods to correct identified problems.

- 3.2.3.7 *Provide additional services which may include conducting a comprehensive review of the current classification and grade methodology, review and make recommendations regarding the consolidation/expansion of job families and titles, and proposing implementation strategies for any recommended changes.*

Step 1: Project Initiation

Initial Meeting

The first task of this project will be to meet with the City's Project Team and any other key advisors to the project. The purpose of the meeting is to:

- Confirm the goals and objectives of the study
- Discuss the City's current compensation and classification structures, as well as the reasons for this project
- Finalize the timeline and specific dates for deliverables
- Clarify Segal Waters' and the City's roles in each project phase
- Establish parameters and protocols for keeping the Project Team updated and informed
- Identify data or information needed to support the overall assignment

This meeting will help identify a clear project strategy that will facilitate a smooth and effective working relationship resulting in a successful outcome for the City.

Our Expectations of the City for this Step

For the initial meeting we ask the City to coordinate the schedules of those who will participate, as well as provide a meeting room.

In addition, we ask that the City provide the following information in electronic format:

- Salary structures
- Current personnel policy documents
- Current organization charts
- Up-to date job descriptions in Microsoft Word
- Current and accurate employee census data
- Benefits and Total Rewards data

Please note: if the information in the census file is inaccurate, additional hourly fees may be charged for data correction and preparation.

Step 2: Total Compensation Market Assessment

We understand the City is requesting a total compensation market study. To conduct a valid, reliable, and useful market study, we propose to take the following steps:

- Develop a market study methodology
- Identify benchmark job titles
- Identify comparable employers and other data sources
- Collect and analyze the market data
- Prepare and deliver a report to you detailing our findings

We describe these steps in more detail below and on the following pages.

1. Develop a Study Methodology

We think that it is important for Segal Waters and the Project Team to gain consensus on the City's overall goals and strategy regarding total compensation, as well as to develop a strategy for conducting the market study that is consistent with the desired goals and strategy.

We will work with the City's Project Team to clarify and finalize the market study methodology, including addressing some key questions, such as:

- Does the City compete for employees in both the public and private sectors? Who are the primary competitors for talent? That is, where do new employees come from and where do they go?
- Does the City want to learn about other employers' compensation policies, such as how salary increases and adjustments are determined?
- Is it important to consider other forms of compensation, such as pay supplements, benefits, and paid leave when determining your competitive market position?
- Are there particular issues related to certain occupational groups (e.g., public safety) that are important to consider in designing the market study?

Our goal is to have a common understanding of the various options for conducting the market study, as well as an understanding of the implications on subsequent design of new salary structures and pay policies. This understanding will allow us to develop and conduct a market study that is consistent with the City's compensation goals and will support the City's expectations.

For this project, we recommend conducting a custom-designed survey targeted to your public sector peer employers supplemented by our extensive library of published private sector data.

We recommend this for the following reasons:

- Custom surveys provide the most currently available data
- Custom surveys allow you to target specific geographic markets, employers, industries, and specific jobs. Custom Surveys allow you to collect information that is not usually available on a timely basis in published data sources, such as scheduled salary ranges, pay supplements, compensation policies, union status, benefits, etc.
- We have found that once custom surveys have greater than 100 benchmark jobs, surveyed organizations become increasingly reluctant to participate in the survey process. Therefore, we recommend also having smaller specialized surveys for specific industries (e.g. utilities, water/wastewater/convention center, etc.).
- Published survey data allows us to expand the matching of jobs through classifications typically found in public and private sector.

2. Identify Benchmark Job Titles for the Custom Survey

We understand that this project covers approximately 974 job classification titles. Based on the City's responses to questions, we will provide market data in the following manner:

- General employee custom survey – 100 benchmark jobs
- Water and wastewater industry specific custom survey – 50 benchmark jobs
- Electric utility industry specific custom survey – 50 benchmark jobs

Since it is not practical to collect market data on all job titles through a custom survey, we will develop a recommended list of benchmark jobs representative of the distribution of the work force (pay grades, departments, etc.).

3. Identify Comparable Employers for the Custom Market Survey

The next step will be to determine comparable employers to include in the custom market study. Typically, these employers include public sector entities that are geographically proximate to the City and are likely to have matching jobs. In addition, it might also include public sector employers outside of the immediate commuting area, but that are similar to the City in terms of size, scope, population, budget, or other characteristics.

Naturally, we will discuss this list with the Project Team and make modifications as necessary. For pricing purposes, we have assumed that we will distribute the custom market study to up to 20 public sector entities.

4. Collect the Market Data

We will also design a survey instrument for collecting the market information, which we typically develop in MS Excel. The types of information we anticipate collecting through the survey include:

- Benchmark job base pay ranges (minimum and maximum annual pay rates)

- Supplemental pay practices (such as additions for special skills, bilingual pay, performance bonuses, etc.)
- Paid time off accrual rates (vacation time, sick leave, and holidays)
- The prevalence, cost, and cost-sharing arrangements for medical plans and other benefits (prescription drugs, dental, vision, etc.)
- The prevalence and costs associated with retirement programs
- The prevalence of supplemental benefits and perquisites (such as wellness programs, tuition assistance, etc.)
- Total Rewards program components, cost and eligibility
- Salary structure plan designs and pay progression methodology and history

We will also draft brief job summaries for each benchmark title based on current job descriptions to assist the survey participants with matching jobs consistently and appropriately.

Once the Project Team has reviewed and approved the survey document, we will distribute the survey to the approved group of comparable employers. We make many efforts to achieve the goal of 100% participation from each invited employer, yet we cannot guarantee that we will obtain good data from each of the employers invited to participate and for all of the jobs requested. If we do not receive an adequate response from peer organizations, Segal Waters will populate surveys, at an additional cost, utilizing available data from the organization's website.

Respondents will return completed surveys and supplementary materials (e.g., salary structures and policy descriptions) directly to Segal Waters. We will review and validate each survey response for completeness and reasonability, and then follow up with survey participants as necessary to clarify any incomplete or inconsistent responses.

5. Analyze the Market Data

Segal Waters will design a database in Microsoft Access to support our analysis. This database will become the property of the City upon completion of this project for your future analyses. We will populate the database with the information collected from the surveys and will include any private sector data from published data sources, as applicable.

We will then analyze the survey data to determine the City's market position relative to the market average minimum, midpoint, and maximum pay rate for each benchmark job title. We then compare these averages to the City's pay ranges to determine the market position for each job title and occupational group. To the extent that different employer groups or industry sectors are included in the study, we will segment our findings accordingly. In addition, if applicable, we will geographically adjust market data for respondents outside of the City area, using current cost of labor differentials from ERI Geographic Assessor.

Our report will include summary tables, such as the example tables shown below.

EXAMPLE TABLE 1
CLIENT MARKET POSITION BY SECTOR—PAY ONLY

Client Pay Ranges as a Percent of the Market Average			
Market Sector	Pay Range Minimum	Pay Range Midpoint	Pay Range Maximum
Public Sector	106%	101%	97%
Private Sector	98%	94%	101%

Figures shown in **red** are below market (less than 95% of the market average)
 Figures shown in **black** within the market range (95% to 105% of the market average)
 Figures shown in **blue** are above market (more than 105% of the market average)

EXAMPLE TABLE 2
CLIENT MARKET POSITION BY DATA SOURCE—PAY ONLY

		Client as a Percent of the Average		
Public Sector Peer Employer	# of Job Matches	Pay Range Minimum	Pay Range Midpoint	Pay Range Maximum
Organization of Peer Name	37	121%	102%	90%
Organization of Peer Name	46	97%	98%	99%
Organization of Peer Name	55	100%	99%	99%
Organization of Peer Name	57	102%	99%	97%
Organization of Peer Name	58	116%	108%	102%
Organization of Peer Name	59	97%	98%	98%
Organization of Peer Name	48	124%	104%	93%
Organization of Peer Name	56	101%	95%	90%
Organization of Peer Name	30	113%	107%	103%
Organization of Peer Name	54	90%	89%	88%
Organization of Peer Name	46	121%	116%	112%
Overall		100%	95%	90%

Figures shown in **red** are below market (less than 95% of the market average)
 Figures shown in **black** within the market range (95% to 105% of the market average)
 Figures shown in **blue** are above market (more than 105% of the market average)

EXAMPLE TABLE 3
CLIENT OVERALL MARKET POSITION—PAY ONLY

		Client as a % of the Overall Market Average		
Job Family and Benchmark Title	# of Matches	Pay Range Minimum	Pay Range Midpoint	Pay Range Maximum
Accounting/Finance/Business				
Account Clerk II	12	92%	88%	85%
Payroll Coordinator	12	113%	103%	96%
Senior Buyer	13	113%	110%	107%
Senior Financial Analyst	12	102%	97%	93%
Accounting Services Manager	16	104%	99%	95%
Buildings and Facilities				
Maintenance Mechanic II	13	94%	91%	88%
Building Operations Supervisor	13	114%	110%	106%
Building Operations Manager	13	116%	109%	102%
Emergency Communications				
Telecommunicator	8	115%	103%	94%
Communications Center Supervisor	8	107%	98%	91%
Radio Communications Technician	8	106%	104%	102%
Engineering				
Senior Engineering Technician	11	102%	100%	98%
Senior Civil Engineer	12	96%	91%	87%
Engineering Services Manager	13	95%	88%	82%
Fleet Maintenance				
Mechanic	12	100%	93%	87%
Fleet Manager	9	112%	104%	98%
Health Care				
Psychiatric Technician	4	101%	103%	103%
Registered Dietetic Technician	9	101%	101%	101%
Registered Nurse	11	102%	102%	101%
Epidemiologist	9	112%	103%	97%
Registered Nurse Supervisor	10	113%	108%	102%
Senior Clinical Psychologist	5	103%	93%	79%
Director Health/Human Services	9	90%	80%	74%
Human Resources				
Human Resources Assistant	13	95%	94%	92%
Human Resources Analyst	13	91%	87%	82%

		Client as a % of the Overall Market Average		
Benchmark Title	# of Matches	Pay Range Minimum	Pay Range Midpoint	Pay Range Maximum
Human Services				
Economic Support Specialist	7	96%	86%	79%
Social Worker	14	99%	100%	100%
Economic Support Supervisor	6	116%	109%	105%
Information Technology				
Applications Analyst Programmer	14	90%	95%	98%
Senior Business Analyst	12	90%	97%	100%
Senior Network Analyst	13	89%	93%	96%
Principal Database Administrator	12	101%	100%	98%
Information Technology Manager	15	97%	89%	83%
Law Enforcement				
Lieutenant	11	101%	99%	97%
Captain	11	105%	99%	95%
Legal				
Senior Attorney	15	99%	86%	79%
Office Support				
Administrative Assistant	13	99%	92%	87%
Legal Clerk	14	86%	81%	77%
Office Services Coordinator	13	100%	96%	91%
Parks				
Park Maintenance Worker	9	99%	97%	95%
Golf Course Superintendent	5	81%	73%	67%
Senior Landscape Architect	7	123%	116%	111%
Parks Supervisor	9	141%	132%	126%
Public Works				
Street Maintenance Worker	13	85%	88%	91%
Street Maintenance Supervisor	11	94%	89%	85%

In addition, our report will include detailed data showing each comparator's job match, salary range, and other information for each benchmark title, as shown below.

EXAMPLE TABLE 4
APPENDIX B – DETAILED MARKET DATA (ADJUSTED)

Client Name APPENDIX B - Detailed Market Data (Adjusted)					
Account Clerk I Accounting/Finance/Business					
Respondent	Matching Job Title	FLSA Status	Pay Range Minimum Base Salary	Pay Range Midpoint Base Salary	Pay Range Maximum Base Salary
<i>Public Sector Data Sources</i>					
Peer 1	Account Clerk I		\$40,702	\$42,492	\$44,282
Peer 10	Accounting Specialist	NE	\$31,784	\$36,158	\$40,532
Peer 11	Fiscal Technician	NE	\$28,729	\$37,707	\$46,684
Peer 12	Accounting Support I	NE	\$31,013	\$41,350	\$51,687
Peer 2	No Match		NA	NA	NA
Peer 3	Account Clerk I	NE	\$32,475	\$34,384	\$36,292
Peer 4	Account Clerk I	NE	\$39,204	\$41,476	\$43,749
Peer 5	Accounting Assistant I	NE	\$35,363	\$37,183	\$38,963
Peer 6	Accounting Clerk	NE	\$32,480	\$39,033	\$45,575
Peer 7	Account Clerk	NE	\$22,637	\$30,184	\$37,730
Peer 8	Account Clerk	NE	\$36,426	\$41,943	\$47,460
Peer 9	Accounting Assistant I	NE	\$28,899	\$32,854	\$36,808
Client Name		NE	\$32,819	\$34,889	\$36,959
Public Sector Market Average			\$32,702	\$37,704	\$42,706
Client Name As a % of Public Sector Market Average			100%	93%	87%
<i>Private Sector Data Sources</i>					
Published Data Source 1	Accounting Clerk 2		\$32,248	\$34,640	\$37,662
Published Data Source 2	Accounting Clerk Level 2		\$32,997	\$34,755	\$38,376
Published Data Source 3	No Match		NA	NA	NA
Published Data Source 4	No Match		NA	NA	NA
Client Name		NE	\$32,819	\$34,889	\$36,959
Private Sector Market Average			\$32,622	\$34,698	\$38,019
Client Name As a % of Private Sector Market Average			101%	101%	97%
Client Name		NE	\$32,819	\$34,889	\$36,959
Overall Comparator Market Average			\$32,690	\$37,241	\$41,985
Client Name As a % of Overall Market Average			100%	94%	88%

NA = Data Not Available

All data is adjusted based on geographic differences in the cost of labor, effective date of published data, and/or differences in workweek definition, as applicable

Our report will also include tables showing each survey respondent's pay policies, benefit offerings, and other information collected in the study, such as in the tables shown below.

EXAMPLE TABLE 5
VACATION ACCRUAL—PUBLIC SECTOR

	Vacation Days Accrued per Year, after how many years of service						
Public Sector Peer Employer	1	6	10	15	20	25	30
Peer Name	10	12.5	15	20	25	25	27
Peer Name	12	17	22	27	27	32	32
Peer Name	13	16	19	22	25	28	31
Peer Name	10	15	20	25	30	30	35
Peer Name	10	15	19	25	30	30	30
Peer Name	10	15	20	20	25	25	25
Peer Name	12	14	17	20	23	23	23
Peer Name	12	15	15	21	21	21	21
Peer Name	10	15	15	20	20	20	20
Peer Name	10	15	20	25	30	30	30
Peer Name	10	15	20	20	25	25	25
Peer Name	12	15	20	22	25	25	25
Market Average	10.9	15.0	18.5	22.3	25.5	26.2	27.0
Client	10	10	15	20	20	25	25

EXAMPLE TABLE 6
PPO/POS PLAN MONTHLY COSTS

	Employer \$		Employee \$		Employer %	
Peer Employer	Single	Family	Single	Family	Single	Family
Peer Name	\$485	\$1,209	\$508	\$1,270	49%	49%
Peer Name	\$708	\$2,115	\$85	\$266	89%	89%
Peer Name	\$609	\$1,703	\$41	\$118	94%	94%
Peer Name	\$623	\$1,755	\$0	\$378	100%	82%
Peer Name	\$611	\$1,346	\$25	\$150	96%	90%
Peer Name	\$569	\$1,681	\$145	\$600	80%	74%
Peer Name	\$600	\$1,044	\$85	\$485	88%	68%
Peer Name	\$469	\$1,457	\$56	\$170	89%	90%
Peer Name	\$615	\$1,559	\$63	\$238	91%	87%
Peer Name	\$863	\$1,401	\$85	\$170	91%	89%
Peer Name	\$411	\$1,217	\$72	\$215	85%	85%
Average	\$597	\$1,499	\$106	\$369	86%	81%
Client	\$xxx	\$x,xxx	\$xx	\$xx	xx%	xx%

Monthly costs have been rounded to the nearest dollar

PPO/POS = Preferred Provider Organization or Point of Service Plan

EXAMPLE TABLE 7
DEFINED BENEFIT PLAN CONTRIBUTIONS—
PUBLIC SECTOR

Public Sector Peer	Employer Contribution (% of base pay)	Employee Contribution (% of base pay)	Employer Pick-up of Employee Contribution
Peer Name	5.90%	5.90%	Yes, 100%
Peer Name	8.50%	5.50%	None
Peer Name	5.90%	5.90%	None
Peer Name	4.50%	4.50%	None
Peer Name	5.90%	5.90%	None
Peer Name	7.21%	4.64%	None
Peer Name	7.25%	6.25%	None
Peer Name	11.43%	4.50%	None
Peer Name	6.35%	6.00%	Yes, 50%
Peer Name	8.34%	4.00%	None
Peer Name	11.47%	4.50%	None
Peer Name	8.67%	5.78%	None
Average	7.62%	5.28%	--
Client	5.90%	5.90%	None

6. Determine Market Position

We will then determine the City's total compensation market position. This involves identifying each employer's annual cost for providing medical and other health related benefits, as well as retirement programs. We will compare the City's total compensation costs to the market, similar to the tables shown below.

**EXAMPLE TABLE
TOTAL COMPENSATION ANALYSIS SUMMARY**

	Base Salary	Annual Employer Cost of Benefits		
	Pay Range Midpoint	Health Benefit Costs	Retirement Benefit Costs	Total Compensation
ACCOUNTING ASSISTANT				
Client	\$35,000	\$12,597	\$2,800	\$50,447
Market Average	\$37,758	\$11,540	\$2,643	\$52,002
Client as % of Market	93%			97%
FINANCE DIRECTOR				
Client	\$130,000	\$12,597	\$10,400	\$153,047
Market Average	\$145,000	\$11,540	\$10,150	\$166,751
Client as % of Market	90%			92%
TECHNOLOGY SPECIALIST				
Client	\$52,000	\$12,597	\$4,160	\$68,807
Market Average	\$55,500	\$11,540	\$3,885	\$70,986
Client as % of Market	94%			97%

7. Prepare a Report of Our Findings

Once all data have been collected, reviewed, and analyzed, we will prepare a report detailing our methodology and findings. The report will include at least the following items:

- An Executive Summary, briefly describing our key findings
- A description of the study objectives and methodology
- The City's competitive market position for pay, applicable to each benchmark job title and job family
- The prevailing policies regarding supplemental pay, Total Rewards, and other compensation-related practices collected in the survey
- Appendices showing detailed information collected for the market study
- Paid time off policies for each surveyed employer
- The prevalence and cost-sharing arrangements for medical coverage, supplemental benefits, and retirement plans among the surveyed employers
- The City total compensation market position

Expectations of the City for this Step

Task/Step	Project Team Role
1. Develop compensation strategy and market study methodology	<ul style="list-style-type: none">• Meet with Segal Waters staff, provide direction on strategy and methodology
2. Identify benchmark jobs	<ul style="list-style-type: none">• Review and approve list of benchmarks
3. Identify comparable employers	<ul style="list-style-type: none">• Review and approve list of comparators
4. Design the survey document	<ul style="list-style-type: none">• Review and approve survey document• Assist with contacting survey recipients, if necessary• Complete survey on behalf of the City
5. Develop a database	<ul style="list-style-type: none">• The City does not have role in this step
6. Determine market position	<ul style="list-style-type: none">• Be available for questions or clarification of policies
7. Prepare and deliver report	<ul style="list-style-type: none">• Review draft report, provide feedback, and approve final report

Step 3: Pay Equity Analysis

Segal Waters will conduct the following analyses of the City's census data:

- Comparison of female and male average salaries by job classification
 - By all job classifications (the Authority as a whole)
 - By job classifications with employees in both genders
 - By job classifications within occupational groups
- Comparison of female and male average salaries by job classification and years of service in classification
- Comparison of female and male average salaries by job title and occupational group
 - By all occupational groups (the Authority as a whole)
 - By occupational groups with employees in both genders
- Comparison of female and male average salaries by grade
 - By all grades (the Authority as a whole)
 - By grades with employees in both genders

Based on the findings of the gender pay analysis and with the guidance of the Project Team, we will make recommendations for corrective actions, internal equity and anomalies, and the cost analysis of the financial impact for implementation of recommendations and maintenance.

Since we understand that successful implementation may depend heavily on the cost of implementation, we have assumed that we will model up to two different cost estimates, based on the Project Team's direction. This process typically involves estimating the cost of implementing the recommendations as approved by the Team, then conducting a second cost estimate based on revised criteria for implementation.

We anticipate presenting the final results to the City's Executive Team and others as needed. While it is difficult to anticipate at this time the exact nature of this presentation, our price proposal assumes we will develop and deliver one on-site presentation that will contain at least the following elements:

- Background and reasons for the project
- Objectives and goals of the project
- Methodology used to conduct our analysis
- Key findings and outcomes
- Our recommendations, including potential implications of those recommendations

We will draft the presentation for the Project Team's review, and then will finalize the document based on your comments and input. We anticipate that a senior member of Segal Waters' Team will deliver the presentation, in conjunction with a senior member of the City's Project Team.

Our final report will contain the following summary tables:

Sample Analysis by Job Classification

SAMPLE TABLE 1 – ALL CITY JOB CLASSIFICATIONS					
Data Cut	Female		Male		Female to Male % Difference
	Count	Average Annual Salary	Count	Average Annual Salary	
All Job Classifications	3,946	\$60,968	6,542	\$72,024	85%
Job Classifications with employees in Both Genders	3,688	\$70,068	5,730	\$70,408	98%

Total Job Classifications	716
Total Job Classifications with Employees in both Genders	382
Count of Job Classifications with Female Average Base Salary more than 5% below Male Average Base Salary	81
Percent of Job Classifications with Female Average Base Salary more than 5% below Male Average Base Salary	21%
Count of Job Classifications with Male Average Base Salary more than 5% below Female Average Base Salary	72
Percent of Job Classifications with Male Average Base Salary more than 5% below Female Average Base Salary	19%
Count of Job Classifications with Female Average Base Salary within 5% of Male Average Base Salary	228
Percent of Job Classifications with Female Average Base Salary within 5% of Male Average Base Salary	60%

Sample Analysis by Occupational Group

Conclusion

- General Administrative – No pay inequity exists, as average pay for females is within 5% of average pay for males.
- Clerical – No pay inequity exists, as pay average pay for males is within 5% of average pay for females.
- Engineering & Science – No pay inequity exists, as average pay for females is within 5% of average pay for males
- Fire – No pay inequity exists, as average pay for females and males is equal.
- Information Technology – No pay inequity exists, as average pay for females and males is equal.
- Maintenance & Operations – No pay inequity exists, as average pay for females is within 5% of average pay for males.
- Legal – No pay inequity exists, as average pay for females is within 5% of average pay for males.
- Enforcement, Compliance & Protective Services – No pay inequity exists, as average pay for females is within 5% of average pay for males.
- Healthcare – Pay inequity may exist, as average base pay for females is more than 5% below average base for males.
- Police – No pay inequity exists, as average pay for females is within 5% of average pay for males.
- Utilities – No pay inequity exists, as average pay for females is within 5% of average pay for males.
- Fiscal – No pay inequity exists, as average pay for females is within 5% of average pay for males.
- Short Range – No pay inequity exists, as average pay for females is within 5% of average pay for males.

SAMPLE TABLE 2 – OCCUPATIONAL GROUP SUMMARY

Data Cut	Female		Male		Female Pay as a Percent of Male Pay
	Count	Average Annual Salary	Count	Average Annual Salary	
All Occupational Groups	3,945	\$60,913	6,542	\$71,989	85%
Occupational Groups with employees in Both Genders	3,789	\$73,107	6,050	\$81,652	90%

Total Occupational Groups	13
Total Occupational Groups with Employees in both Genders	13
Count of Occupational Groups with Female Average Base Salary more than 5% below Male Average Base Salary	7
Percent of Occupational Groups with Female Average Base Salary more than 5% below Male Average Base Salary	54%
Count of Occupational Groups with Male Average Base Salary more than 5% below Female Average Base Salary	0
Percent of Occupational Groups with Male Average Base Salary more than 5% below Male Average Base Salary	0%
Count of Occupational Groups with Female Average Base Salary within 5% of Male Average Base Salary	6
Percent of Occupational Groups with Female Average Base Salary within 5% of Male Average Base Salary	46%

Sample Analysis by Pay Grade

SAMPLE TABLE 3 – PAY GRADE SUMMARY

Data Cut	Female		Male		Female Pay as a Percent of Male Pay
	Count	Average Annual Salary	Count	Average Annual Salary	
All Pay Grades	3,946	\$60,968	6,542	\$72,024	85%
Pay Grades with employees in Both Genders	3,943	\$83,260	6,468	\$85,476	97%

Total Pay Grade	81
Total Pay Grade with Employees in both Genders	65
Count of Pay Grade with Female Average Base Salary more than 5% below Male Average Base Salary	11
Percent of Pay Grade with Female Average Base Salary more than 5% below Male Average Base Salary	17%
Count of Pay Grade with Male Average Base Salary more than 5% below Female Average Base Salary	3
Percent of Pay Grade with Male Average Base Salary more than 5% below Male Average Base Salary	5%
Count of Pay Grade with Female Average Base Salary within 5% of Male Average Base Salary	51
Percent of Pay Grade with Female Average Base Salary within 5% of Male Average Base Salary	78%

Additionally, our analysis of female and male average salaries will include detailed data of our findings by:

- Job Classification
- Occupational Group
- Job Classification within Occupational Group
- Grade
- Job Classification and Years in Position

Please see a sample of the detailed analysis of female and male average salaries by job classification on the following page.

Job Classification	Female		Male		Female Pay as a Percent of Male Pay	Gender Affected by More Than 5% Difference	Count With Female Rate More Than 5% Below Male Rate		Count With Male Rate More Than 5% Below Female Rate
	Count	Average of Annual Salary	Count	Average of Annual Salary					
Engineer and Architect Splst	2	\$119,678	5	\$121,311	99%				
Eligibility Tech II	97	\$42,068	29	\$41,685	101%				
Engineer And Architect Supv	3	\$119,439	17	\$116,587	102%				
Env Pub Hlth Analyst II	4	\$73,979	9	\$77,187	96%				
Env Pub Hlth Mgr	4	\$85,563	8	\$98,482	87%	Female	1		
Env Pub Hlth Pgm Supv	3	\$65,892	2	\$72,032	91%	Female	1		
Environmental Administrator	1	\$82,942	4	\$84,901	98%				
Equipment Operator	9	\$38,967	188	\$40,304	97%				
Equipment Operator Splst	2	\$46,987	144	\$45,474	103%				
ERP Applications Admin II	1	\$93,269	2	\$98,946	94%	Female	1		
Executive	7	\$135,869	9	\$141,320	96%				
Executive Asst I	39	\$51,966	3	\$46,812	111%	Male			1
Executive Asst II	15	\$54,017	1	\$46,800	115%	Male			1
Executive Asst III	19	\$56,541	1	\$62,705	90%	Female	1		
Executive Dir	2	\$122,283	1	\$129,981	94%	Female	1		
Executive Dir Civil Svc Comm			1	\$118,026					
Executive Dir of HR	1	\$184,911							
Executive Mgr	5	\$130,432	4	\$130,475	100%				
Executive Ofcr	5	\$115,381	3	\$117,660	98%				
Facilities Superintendent	1	\$81,702	10	\$92,584	88%	Female	1		
Facility Maint Tech			20	\$48,954					
Field Superintendent	1	\$82,412	8	\$90,542	91%	Female	1		
Financial Analyst Splst	5	\$88,619	5	\$95,255	93%	Female	1		
Financial Dir	7	\$119,559	13	\$126,041	95%				
Financial Executive	1	\$131,076	4	\$141,155	93%	Female	1		
Financial Mgr	11	\$103,251	7	\$105,186	98%				
All Job Classifications	3946	\$60,968	6542	\$72,024	85%	Female			
Job Classifications- Employees in Both Genders	3688	\$70,068	5730	\$70,408	98%		81	72	

Figures shown in **red** indicate female pay rate more than 5% below male pay rate.

Figures shown in **black** indicate female pay rate within 5% of male pay rate.

Figures shown in **blue** indicate male pay rate more than 5% below female pay rate.

Step 4: Classification Analysis (Optional)

We understand the City may request recommendations for changes to the classification structure, with the following goals:

- Analysis of existing internal hierarchy based on job relationships
- Identification of problem areas within the internal hierarchical system
- Propose implementation methods to correct identified problems
- Review of the current classification and grade methodology
- Review and recommendations regarding the consolidation/expansion of job families and titles
- Propose implementation strategies for any recommended changes

In order to accomplish these goals we propose to perform the following steps with the assumption that this review covers approximately 350 classifications:

1. Develop a Job Description Questionnaire
2. Conduct Employee Presentations (optional)
3. Analyze the Jobs
4. Conduct Employee Interviews (optional)
5. Develop and Document a Recommended Classification Structure
6. Recommend Individual Position Assignments to Classifications
7. Design and Document a Job Evaluation (Internal Equity) Approach

Each of these steps is described in detail on the following pages.

1. Develop Job Description Questionnaire

During this task, we will develop a customized questionnaire reflecting the needs of the City and the direction of the Project Team. The information elicited from employees and supervisors in the Job Description Questionnaire (JDQ) will provide the basis for job series distinctions and internal equity determinations.

While we customize our Job Description Questionnaires to specific client projects, we anticipate that the JDQ will include questions concerning:

- **Essential duties and responsibilities**
- The **knowledge, skills, and abilities** associated with each essential duty or responsibility.
- **Supervisory** or work leadership duties.
- **Minimum requirements** for new employees in the job, such as education, experience, and certifications/licenses.
- **Physical requirements** of the job (including frequency of specific physical activities and amount of lifting/moving).

- **Working environment**, including exposure to risks, hazardous situations, etc.
- **Supervisor's review**, which would include comments regarding the employee's answers, as well as opinions regarding the appropriateness of the current title, comparison to other jobs within a job series, and similar issues.

We will use the information collected through the Job Description Questionnaires and any necessary employee interviews to develop our recommended changes to the classification structure, as well as to define the differences among jobs for internal equity alignment. Consequently, it is important that the City's Project Team carefully review the questions and content of the draft JDQ to determine whether it meets your expectations for these outcomes.

2. Conduct Employee Presentations

Once the JDQ content is finalized, we typically conduct employee presentations to introduce the project and to explain the JDQ process. Because you anticipate a review of 350 job classifications, we recommend that the City provide one job questionnaire for each of the anticipated 350 job classifications. Although the City's RFP does not specifically request these presentations, we think they can be a critical aspect to ensure employees' active participation and facilitate effective and acceptable outcomes.

We propose – as an optional task - to conduct two consecutive days of on-site presentations for employees that will be completing the questionnaire to introduce the project and to describe everyone's role in the process. This will be an important time to explain the City's project objectives and answer questions so that the City can manage employees' expectations and fears. For example, it is important that employees know we are not evaluating performance and that this study will not result in layoffs or salary reductions. At the same time, we will explain this study does not guarantee any pay raises or grade increases.

As a part of these presentations, we will distribute the JDQs, explain the intent and definitions associated with each section of the questionnaire, and provide examples.

Typically, Segal Waters conducts these presentations in a large auditorium with up to 100 employees in each session, lasting about 1½ hours (including about 30 minutes for questions and answers). In addition, we recommend videotaping at least one of the presentations so that those employees who are not able to attend can watch a recording.

3. Job Analysis

Once employees submit their JDQs, we will perform a detailed analysis of the City's jobs. We will review each JDQ within a job title and series and document distinguishing characteristics that define a particular job title within the job family. Such characteristics typically include the following:

- Typical tasks or duties
- Supervisory responsibilities
- Minimum education, experience, and certification requirements
- Ability to make decisions that affect a work group, department, and/or City

- Level of discretion and judgment exercised
- Complexity of tasks, decisions, and actions
- Results of actions
- Other distinguishing characteristics that are relevant to the City

4. Conduct Employee Interviews as needed

After we have received and analyzed the completed JDQs, we recommend conducting employee interviews on an as needed basis, either individually or in groups. The purpose of these interviews is to:

- Validate and clarify information contained in the JDQs
- Understand employees' views on the key distinguishing characteristics among jobs
- Provide an opportunity for employees to voice their opinions and perceptions of the current classification structure

We will conduct most interviews on a group basis, with employees in the same job series. That is, we will interview employees performing similar functions and responsibilities. However, single-incumbent jobs or highly specialized functions may require one-on-one interviews.

We propose to conduct three consecutive days of on-site interviews to address any follow-up questions regarding job documentation.

5. Develop and Document a Recommended Classification Structure

As the job analysis progresses, we will develop and document a recommended job classification structure for the City. This structure will contain at least the following:

- List of job titles, with titling guidelines (that is, standards for using terms such as "Coordinator," "Manager," or "Director" in job titles).
- Recommended minimum qualifications and requirements associated with each job title (such as education, experience, certifications, and licensing).
- Distinguishing characteristics among jobs within a job family or career path. For example, the key differences between an Executive Assistant and an Administrative Assistant.

In developing a new classification structure, we may recommend re-titling or re-classifying some of the City's jobs. For example, we anticipate recommending:

- Consolidation of class titles that have highly similar responsibilities and requirements.
- Development of new class titles for positions that reflect new or different roles, responsibilities, or requirements.
- Re-wording of class titles, based on standard occupational nomenclature or for clarity.

The outcome will be a recommended classification architecture that clearly defines and documents all classifications in order to facilitate both internal equity and external market comparisons.

EXAMPLE OF JOB STRUCTURE RECOMMENDATIONS

Administrative Support Job Family

Proposed Title	Current Title	Distinguishing Characteristics	Current Minimum Quals	Proposed Minimum Quals	Supervisory Role	Decision Making & Complexity	Technical Skills	Physical Activities	Working Conditions
Administrative Technician	Admin Tech I and II	Entry-level office admin and customer service role.	2 years college 1-2 yrs exper	HS/GED <1 year exper	Individual Contributor	Routine Decisions/ Low Complexity	Standard	Light	Office
Senior Administrative Technician	Admin Tech III and IV	Experienced-level office admin and customer service role. Assists with a wide variety of activities and programs. Requires significant knowledge of: department/division work and activities	2 years college 3-4 yrs exper	HS/GED 2 years exper	Individual Contributor	Procedural Decisions/ Somewhat Complex	Standard	Light	Office
Office Supervisor	Admin Tech V	First line supervisor of at least 2 FTE permanent support staff.	2 years college 5 yrs exper	HS/GED 5 years exper	Supervisor	Procedural Decisions/ Somewhat Complex	Intermediate	Light	Office

6. Design and Document a Job Evaluation Approach

Point-Factor job evaluation is a systematic process that defines an easily understood and defensible internal hierarchy based on established factors common to jobs throughout the City. Described below is the Point-Factor method of job evaluation that we have developed for clients.

Point-Factor Method: This approach determines the specific compensable factors (characteristics about jobs such as minimum qualifications and knowledge, skill, and ability requirements) and weights that will be used to establish the City's internal relationships. Compensable factors should be defensible, exist across departments, and be easily understood by employees. The following previously validated factors that will be used during this process and customized to support the operating environment and organizational structure of the City.

- Formal Education
- Experience
- Management/Supervision
- Human Collaboration
- Freedom to Act
- Technical Skills
- Fiscal Responsibility
- Working Conditions

Based on information in the City's existing job descriptions, supervisors and managers complete a Job Evaluation Manual (JEM) for each job title they supervise/manager. Once the JEMs are completed, the values for each compensable factor are determined and a total score calculated for each position.

We will convene a Job Evaluation Team (JET), comprised of management-level employees to review these draft scores, weighting and the initial placement of jobs within the new classification system. Once we consider rating changes, the final hierarchy will reflect both sound compensation practices and the City's collective organizational values. This hierarchy will establish relative internal equity.

Once the Project Team has reviewed and approved the details of the job evaluation system (that is, factor definitions, level definitions, point values, etc., as applicable), we will then apply the approach to the jobs as they are defined in the new classification structure. The outcome will be a document and a spreadsheet that shows all job titles and our recommended level. It is our intention to provide the City with documentation that you can adapt, modify, and change as jobs evolve.

Our Expectations of the City for this Step

Task/Step	Project Team Role
8. Develop JDQ	<ul style="list-style-type: none"> • Review drafts and approve final JDQ • Collect JDQs from managers and department directors • Sort JDQs by job title and send to Segal Waters
9. Conduct Employee Presentations (optional)	<ul style="list-style-type: none"> • Send invitations/announcements to employees • Reserve room and arrange for audio-visual media • Review and approve presentation language • Attend presentations
10. Analyze the Jobs	<ul style="list-style-type: none"> • Provide employee census data and information on the current job title structure in electronic format • Be available for questions and clarification
11. Conduct Employee Interviews	<ul style="list-style-type: none"> • Assist with selecting employees to participate • Arrange for interview rooms • Facilitate scheduling and arrangements
12. Develop and Document a Recommended Classification Structure	<ul style="list-style-type: none"> • Review draft structure and provide comments • Approve final classification structure
13. Recommend Individual Position Assignments to Classifications	<ul style="list-style-type: none"> • Be available for questions and clarifications • Approve assignments
14. Design and Document a Job Evaluation Approach	<ul style="list-style-type: none"> • Provide information on current job evaluation approach, if applicable • Participate in JET Team Meetings • Review draft and provide comments • Approve final job evaluation approach

Step 5: Recommendations Development

Based on the findings of the market study and the classification analysis (if conducted), and with the guidance of the Project Team, we will then develop revised salary schedules for the City. For this step in the project, we propose the following steps:

8. Develop Salary Range Recommendations
9. Recommend Placement of Each Job on the Salary Schedule (i.e., assign jobs to pay grades)

1. Design Salary Range Recommendations

Once the market study report has been finalized, we will develop recommended salary ranges that are consistent with the market findings and the City's pay philosophy.

We anticipate that the pay schedule will consist of pay grades with minimum, midpoint, and maximum pay rates. Typically, we construct pay schedules to have consistent intervals between grades (usually 5% to 10%) as well as consistent range widths (typically 40% to 60%). The pay structure may include either steps or open ranges depending on the pay philosophy of the City. We will work with the City's Project Team to determine the most appropriate structure for your organization.

2. Recommend Pay Grade Assignments

We will then recommend grade assignments for all jobs covered by the study.

First, we will recommend grade assignments for benchmark jobs based on the market study findings. Typically, our goal is to identify the grade that is within 5% of the market average at the midpoint.

Next, we will recommend grade assignments for non-benchmark jobs using the results of the market survey. We will base our recommendations on job content similarities and differences, such as minimum qualifications, scope of responsibilities, supervisory role, and other considerations.

Last, we will review the grade assignments with the Project Team, highlighting situations that represent significant change from the current pay relationships. We will analyze and develop recommendations regarding potential compaction issues and conduct cross-organizational comparisons of equity in pay for jobs of similar scope and responsibility based upon the job descriptions. Once you have had an opportunity to review and internally vet the recommendations, we will finalize the grade assignments as part of our final recommendations.

Our goal will be to ensure the new system 1) is market based, 2) considers the comparable worth based on job duties and competencies, and 3) is easily understood and used by managers and employees.

Our Expectations of the City for this Step

Task/Step	Project Team Role
1. Design a Recommended Salary Schedule	<ul style="list-style-type: none">• Discuss objectives/goals with Segal Waters team, provide direction and input• Review and approve pay schedule design
2. Recommend Pay Grade Assignments	<ul style="list-style-type: none">• Provide information on current pay grade assignments• Be available for questions and discussion• Review and approve methodology and pay grade assignments

Step 6: Present Final Results to the City

We anticipate presenting the final results to the City. While it is difficult to anticipate at this time the exact nature of this presentation, our price proposal assumes we will develop and deliver one on-site presentation that will contain at least the following elements:

- Background and reasons for the project
- Objectives and goals of the project
- Methodology used to conduct our analysis
- Key findings and outcomes
- Our recommendations, including potential implications of those recommendations

We will draft the presentation for the Project Team's review, and then will finalize the document based on your comments and input. We anticipate that a senior member of Segal Waters' Team will deliver the presentation, in conjunction with a senior member of the City's Project Team.

3.3 Customer Service Requirements:

The Contractor shall:

3.3.1 Respond to telephone calls and electronic mail from City within one business day, excluding holidays.

As a first step, we will provide the City with a contact list of your primary Segal team members, including work phone numbers, cell phone numbers, email, and role. We will request a similar document from the City, so our communications can run smoothly. As part of our kickoff meeting and ongoing during the year, we will make sure to understand your preferred communication protocols (phone, email, etc.), so we can connect quickly and efficiently with you and your team.

Segal agrees to respond to telephone calls and electronic mail from City within one business day, excluding holidays.

3.3.2 Attend all necessary meetings in the period specified and agreed upon by the City, and shall participate in meetings as required with or on behalf of City Management. Meetings may be called on short notice (within 24 hours) and a Contractor senior staff member shall be available to attend in person.

We have developed a team of dedicated resources to ensure the City availability and access to our team. We are committed to be having the appropriate resources on-site and available as needed by the City. We will provide ongoing consultation and advisory services related to the administration of the City health care benefits.

In this capacity, Segal will attend meetings and present findings and recommendations as required.

3.3.3 Provide a dedicated staff and account representative. Additionally, the Contractor shall provide the names of employees, including the dedicated account representative, who will be assigned to work under this Contract, their direct contact numbers, and their direct e-mail addresses. If these assignments are changed the City shall be notified within one business day. These employees shall be available for contact by the City Monday-Friday from 8:00 a.m. to 5:00 p.m. Central Standard Time.

We have provided this information above under **Tab 5**.

Our ability to be truly customer centric relies heavily on employee continuity and experience. Segal creates a work environment that is personally and professionally rewarding and enriching. For that reason, Segal boasts an exceptionally low turnover among its professional staff.

Before a change in staff is recognized, Segal will request a change in team members within 7 days before the change occurs. This includes an additional team member coming onto the team to provide service to the City.

3.3.4 Utilize the Contract Manager identified in Section 0400 as their City point of contact. The Contract Manager or designee shall be the recipient of all reports, surveys and other Contractor deliverables under this Contract. The Contract Manager or designee shall also originate requests for Contractor's services and shall coordinate scheduling of meetings.

The Account Manager assigned to this account is **Laine Ingle**. Laine is a Senior Benefits Consultant and the Atlanta Health Practice Leader. Laine's contact information is as follows:

Ms. Laine Ingle
Senior Health Consultant & Atlanta Health Practice Leader
2018 Powers Ferry Road, Suite 850
Atlanta, GA 30339-7200
(t) 678-306-3132
(f) 678-669-1887
lingle@segalco.com

Laine will be the recipient of all reports, surveys and other Contractor deliverables under this Contract. The Contract Manager or designee shall also originate requests for Contractor's services and shall coordinate scheduling of meetings.

- 3.4 **Transition and Implementation Timelines:** *Within 30 calendar days of Contract award a draft work plan shall be submitted to the City. This work plan shall include Contractor's proposed timeline for conducting the reports and studies detailed in the Program Coverage Requirements Benefit Programs and Program Coverage Requirements - Compensation Programs sections of this Scope of Work. The Contractor shall meet with the City to finalize the work plan within 45 calendar days after Contract award.*

Segal's transition and implementation timeline is under **Tab 6**.

Tab 6 – Implementation Timeline

Assuming a transition commencing September 1, 2017 and a contract start date of October 1, 2017, provide a detailed transition plan outlining all the steps associated with the implementation timeline through commencement.

The Consulting and Actuarial staff assigned will work directly with the City on all aspects of the program. The assigned City team will devote the time needed to the account, including being available for frequent telephone and on-site consultation with the City.

Laine Ingle, the City's Account Manager, has assembled an interdisciplinary team of experts, with each member of the team having unique skills and expertise. Laine will be the day-to-day point of contact for the City and manage the Segal resources. The majority of your core team members are located in our Atlanta office. However, we may at times draw on resources from other offices in order to bring the right expertise to a particular situation. Every member of your team is committed to be available in person, via phone or email as often as you deem necessary.

Your senior account team will be fully engaged during implementation. City will work closely with Ken Vieira (Executive Sponsor), Gina Sander (Lead Benefit Consultant) and Patrick Klein (Lead Actuary). With Laine's project management skills and Ken's experience transitioning accounts, we would foresee a very smooth implementation.

As mentioned early, Segal will have weekly scheduled project calls not only during implementation, but also throughout our contract. These calls will include all relevant team members that are working on your account.

We recognize that there will typically be a learning curve during the initial months of our partnership, and we anticipate spending as much time as is practical to ensure that we understand your plans as well as your organization so that we can best serve you for many years to come. We will make every effort to perform this "ramp up" quickly and efficiently to be ready for work.

Contact Exchange

As a first step, we will provide SCBE with a contact list of your primary Segal team members, including work phone numbers, cell phone numbers, email, and role. We will request a similar document from SCBE, so our communications can run smoothly. As part of our kickoff meeting and ongoing during the year, we will make sure to understand your preferred communication protocols (phone, email, etc.), so we can connect quickly and efficiently with you and your team.

SEGAL/CITY OF AUSTIN PRELIMINARY IMPLEMENTATION PLAN

PRIOR TO CONTRACT EFFECTIVE DATE				
Task	Description	Involvement	Start	End
Publication of RFP	<ul style="list-style-type: none"> City Releases RFP for Health Insurance Actuarial and Consulting Services 	City	May 1	
Initial Research	<ul style="list-style-type: none"> Collect data, reports and other public information Review past City meeting materials 	Segal	May 1	May 8
RFP Response	<ul style="list-style-type: none"> Vendor proposals due to City 	Segal	May 24	
City Council Meeting	<ul style="list-style-type: none"> Monthly Meeting 	City	June 8	
Prepare for Contract Award	<ul style="list-style-type: none"> Research program information and begin to catalogue data Begin warehousing monthly, quarterly and annual reports Prepare internal system Meet with City staff as necessary 	Segal	June 9	September 27
City Council Meeting	<ul style="list-style-type: none"> Monthly Meeting Review contract recommendations 	City	September 28	
Approval of Contract	<ul style="list-style-type: none"> Secretary of Finance and Administration Cabinet approved contract Contract filed with Legislative Research Commission, Government Contract Review Committee 	City	September	
Start of Contract	<ul style="list-style-type: none"> Anticipated Contract Execution 	Segal City	October 1	

OCTOBER – NOVEMBER ACTION ITEMS				
Task	Description	Involvement	Start	End
Kick-off Meeting	<ul style="list-style-type: none"> Finalize work plan and key dates Review and define team roles Review the data sources Develop contacts for City, Segal & Vendors Discuss deliverables and expectations 	Segal City	October 1	
Client On-Boarding	<ul style="list-style-type: none"> Organize secure file transfers Finalize contract, billing formats Upload communications Develop workgroup Setup implementation calendar/schedule Vendor BBAs, NDAs, etc. 	Segal	October 1	October 16
Data Request Letter	<ul style="list-style-type: none"> Segal will send a data request letter or email focusing on: <ul style="list-style-type: none"> Claims extracts Vendor reports Latest renewals Plan documents, SPDs, etc 	Segal	October 6	

OCTOBER – NOVEMBER ACTION ITEMS				
Task	Description	Involvement	Start	End
	<ul style="list-style-type: none"> – Prior actuarial reports – Annual report – Vendor contracts – Other items • The information will be needed for all the vendors and plan designs 			
Project Call	Call with entire project team	Segal City	October 9	
Data Access	<ul style="list-style-type: none"> • Receive approval and access to City data 	Segal City	October 10	
Data Receipt	<ul style="list-style-type: none"> • Start receiving data information • Key data needed for start date of each task 	City	October 10	October 16
Review Claims Experience	<ul style="list-style-type: none"> • Review monthly reports on data system and reconcile to prior reports • Setup database to test interface 	Segal	October 10	October 20
Catalog Data	<ul style="list-style-type: none"> • Initial review of data elements • Categorize information and setup server 	Segal	October 10	October 20
Strategy	<ul style="list-style-type: none"> • Review City strategic plan • Understand legislative direction • Review City minutes • 	Segal	October 10	October 20
Project Call	Call with entire project team	Segal City	October 16	
Plan Financial Review	<ul style="list-style-type: none"> • Review current rate development for self-insured plans • Review renewals documents for fully insured products if applicable • Validate that data supports calculated rate structure • Tie to latest financial reports • Understand reporting processes • Calls with various vendors • Build premium rate model 	Segal	October 17	October 31
Meeting with Current Actuary	<ul style="list-style-type: none"> • Discussion of transition • Questions on current data and processes 	Segal	October 17	
SHAPE	<ul style="list-style-type: none"> • Load data into SHAPE • Provide initial validation of numbers 	Segal	October 17	November 7
Project Call	Call with entire project team	Segal City	November 13	
Develop Monthly Report	<ul style="list-style-type: none"> • Develop initial report for the Board • Work with City to streamline and enhance existing model 	Segal	November 14	November 30
City Council Meeting	<ul style="list-style-type: none"> • Monthly Meeting • Segal attends first meeting 	Segal City	November 9	
Build Supplemental Data Warehouse	<ul style="list-style-type: none"> • Load all historical data • Build tables and crosswalks • Develop reporting system 	Segal	November 6	December 1

OCTOBER – NOVEMBER ACTION ITEMS				
Task	Description	Involvement	Start	End
	<ul style="list-style-type: none"> • Crosscheck all results to published reports 			
Rate Development	<ul style="list-style-type: none"> • Review rate development for all plans • Understand contribution strategy • Verify trends for FY17 • Compare FY17 budget and projections • Support the City throughout final development 	Segal	November 6	December 1
Self-Insured Financials	<ul style="list-style-type: none"> • Review rate development for self-insured plans 	Segal	November 6	December 1
Begin Development of Annual Report	<ul style="list-style-type: none"> • Review prior reports and exhibits used in annual report • Work with City to script a new report for 2016 • Build SHAPE model and reporting protocols 	Segal	November 6	December 1
Finalize Reporting	<ul style="list-style-type: none"> • Work with the City on reports <ul style="list-style-type: none"> – Monthly experience reporting – Quarterly board material prep • Other requested reports 	Segal	November 6	December 1
Initiatives & New Plans	<ul style="list-style-type: none"> • Review plan recommendations and financials • Analyze wellness program and initiatives • Other initiatives 	Segal	November 6	December 1

DECEMBER ACTION ITEMS				
Task	Description	Involvement	Start	End
Project Call	Call with entire project team	Segal City	December 4	
Project Call (if needed)	Call with entire project team	Segal City	December 11	
Board Meeting Prep	<ul style="list-style-type: none"> • Review monthly report • Review quarterly dashboard • Discuss presentation topics 	Segal	December 11	December 13
City Council Meeting	<ul style="list-style-type: none"> • Monthly Meeting • Segal Presents Report Package 	City	December 14	
Ongoing Planning	<ul style="list-style-type: none"> • Debrief from City Meeting • Continue Annual Report Development • Finalize reporting 	Segal	December 15	December 30
Implementation Fully Complete	Begin normal service calendar	Segal	December 31	

Tab 7 – Price Proposal

a. Confirm in writing acceptance of each requirement below:

- *Guarantee rates for the initial 36-month period regardless of actual enrollment.*
- *Provide guaranteed rates or maximum percentage rate caps for the two 12-month extension option periods regardless of actual enrollment.*
- *Maximum Percentage Rate Caps are to be included in the Proposal, entered in Section 0615-1 and Section 0615-2.*
- *In order for the City to prepare its future budgets, preliminary rates will be determined based on the Maximum Percentage Rate Caps. Final rates for the following contract year must be submitted no later than March 15th of each year (i.e., final rates for 2019 submitted by March 15, 2018).*
- *All costs for requirements listed in this RFP, shall be included as part of the Contractor's fee; including labor, materials, supplies, printing services, travel expenses, delivery/transportation costs, and general and administrative burden in providing the City with the services as described in the Section 0500 Scope of Work.*
- *Agrees not to change the program services for the term of this contract without prior City approval. Any changes recommended for any renewal period must be approved and agreed upon in advance and in writing by the City.*

b. Price Proposal - Complete and submit a separate Section 0615 Price Proposal Form for each of the programs listed below and place in this tab.

- *0615-1 Benefits Programs Price Proposal Form*
- *0615-2: Compensation Programs Price Proposal Form*

The Program Coverage Requirements, as detailed in the Scope of Work, Section 0500, detail when the City anticipates onsite presentation(s). The cost for an onsite presentation shall be provided separately on the appropriate Price Proposal Form and included in the not to exceed total price for each program. The program fees shall be proposed in annual totals.

CITY OF AUSTIN
SCOPE OF WORK
ACTUARIAL AND CONSULTING SERVICES FOR BENEFIT PROGRAMS
AND CONSULTING SERVICES FOR COMPENSATION PROGRAMS
SECTION 0615-1: PRICE PROPOSAL FORM-BENEFIT PROGRAMS
SOLICITATION NUMBER: RFP RWS0503

	Primary Consultant/ Actuary Estimated Hours		Total Cost	Secondary Consultant/ Actuary Estimated Hours		Total Cost	Analyst Estimated Hours		Total Cost	Additional Personnel Estimated Hours		Total Cost	Other Itemized Direct Costs (to include onsite presentations)		Total Cost	Total Not to Exceed Program Cost
	Hours	Rate	=	Hours	Rate	=	Hours	Rate	=	Hours	Rate	=	Hours	Rate	=	
3.4.1 Fiscal Year Expenditures and Rates	25	\$ 460.00	\$ 11,500.00	50	\$ 380.00	\$ 19,000.00	100	\$ 250.00	\$ 25,000.00			\$ -	15	\$ 460.00	\$ 6,900.00	\$ 62,400.00
3.4.2 Plan Design Changes	15	\$ 460.00	\$ 6,900.00	30	\$ 380.00	\$ 11,400.00	60	\$ 250.00	\$ 15,000.00			\$ -			\$ -	\$ 33,300.00
3.4.3 GASB Compliance - Other Postemployment Benefits	40	\$ 460.00	\$ 18,400.00	40	\$ 380.00	\$ 15,200.00	100	\$ 250.00	\$ 25,000.00			\$ -	7.5	\$ 460.00	\$ 3,450.00	\$ 62,050.00
3.4.4 Quarterly Performance Report	15	\$ 460.00	\$ 6,900.00	30	\$ 380.00	\$ 11,400.00	60	\$ 250.00	\$ 15,000.00			\$ -			\$ -	\$ 33,300.00
3.4.5 Annual Report	20	\$ 460.00	\$ 9,200.00	20	\$ 380.00	\$ 7,600.00	40	\$ 250.00	\$ 10,000.00			\$ -	15	\$ 460.00	\$ 6,900.00	\$ 33,700.00
3.4.6 Annual Employer Survey	30	\$ 460.00	\$ 13,800.00	45	\$ 380.00	\$ 17,100.00			\$ -			\$ -			\$ -	\$ 30,900.00
3.4.7 Auditing																
1. Medical Claims Administrator Audit	3	\$ 460.00	\$ 1,380.00	12	\$ 380.00	\$ 4,560.00	145	\$ 250.00	\$ 36,250.00	25	\$ 200.00	\$ 5,000.00			\$ -	\$ 47,190.00
2. Pharmacy Benefit Manager Audit	3	\$ 460.00	\$ 1,380.00	12	\$ 380.00	\$ 4,560.00	145	\$ 250.00	\$ 36,250.00	25	\$ 200.00	\$ 5,000.00			\$ -	\$ 47,190.00
3. Dental Claims Administrator Audit	3	\$ 460.00	\$ 1,380.00	12	\$ 380.00	\$ 4,560.00	132	\$ 250.00	\$ 33,000.00	15	\$ 200.00	\$ 3,000.00			\$ -	\$ 41,940.00
4. Flextra Claims Administrator Audit	3	\$ 460.00	\$ 1,380.00	12	\$ 380.00	\$ 4,560.00	100	\$ 250.00	\$ 25,000.00	18	\$ 200.00	\$ 3,600.00			\$ -	\$ 34,540.00
3.4.8 Vendor Proposal Development, Evaluation, and Negotiation Assistance																
1. Medical Claims Administration Component	50	\$ 460.00	\$ 23,000.00	90	\$ 380.00	\$ 34,200.00	65	\$ 250.00	\$ 16,250.00			\$ -	30	\$ 385.00	\$ 11,550.00	\$ 85,000.00
2. Individual Medical Stop-Loss Component	30	\$ 460.00	\$ 13,800.00	50	\$ 380.00	\$ 19,000.00	25	\$ 250.00	\$ 6,250.00			\$ -	30	\$ 385.00	\$ 11,550.00	\$ 50,600.00
3. Pharmacy Benefit Management Component	40	\$ 460.00	\$ 18,400.00	75	\$ 380.00	\$ 28,500.00	85	\$ 250.00	\$ 21,250.00			\$ -	30	\$ 385.00	\$ 11,550.00	\$ 79,700.00
4. Care Management Component	30	\$ 460.00	\$ 13,800.00	50	\$ 380.00	\$ 19,000.00	30	\$ 250.00	\$ 7,500.00			\$ -	15	\$ 385.00	\$ 5,775.00	\$ 46,075.00
3.4.9 Retiree Medical Plan Options	40	\$ 460.00	\$ 18,400.00	50	\$ 380.00	\$ 19,000.00			\$ -			\$ -			\$ -	\$ 37,400.00
3.4.10 Compliance Assistance	15	\$ 460.00	\$ 6,900.00	30	\$ 380.00	\$ 11,400.00			\$ -			\$ -			\$ -	\$ 18,300.00
3.4.11 Annual Strategy Meeting	20	\$ 460.00	\$ 9,200.00	10	\$ 380.00	\$ 3,800.00			\$ -			\$ -	32	\$ 385.00	\$ 12,320.00	\$ 25,320.00
3.4.12 Other Services			\$ -			\$ -			\$ -			\$ -			\$ -	\$ -
Total for First Year																\$ 768,905.00

Indicate the maximum cost increase, if any, for each of the subsequent contract years.

Year:	#1	#2	#3	#4	#5	Total Contract:
Maximum percentage increase:	3%	3%	3%	3%	3%	
Grand Total Not To Exceed Cost:	\$ 768,905	\$ 791,972	\$ 815,731	\$ 840,203	\$ 865,409	\$ 4,082,221

CITY OF AUSTIN
SCOPE OF WORK
ACTUARIAL AND CONSULTING SERVICES FOR BENEFIT PROGRAMS
AND CONSULTING SERVICES FOR COMPENSATION PROGRAMS
SECTION 0615-2: PRICE PROPOSAL FORM-COMPENSATION PROGRAMS
SOLICITATION NUMBER: RFP RWS0503

	Primary Consultant/Actuary Estimated Hours		Total Cost	Secondary Consultant/Actuary Estimated Hours		Total Cost	Sr. Analyst Estimated Hours		Total Cost	Analyst Estimated Hours		Total Cost	Other Itemized Direct Costs (to include onsite presentations)*		Total Cost	Total Not to Exceed Project Cost **
	Hours	Rate	=	Hours	Rate	=	Hours	Rate	=	Hours	Rate	=	Hours	Rate	=	
3.3.1 Total Compensation (Rewards) Report	95	\$ 475	\$ 45,125	150	\$ 360	\$ 54,000	250	\$ 265	\$ 66,250	375	\$225	\$ 84,375	0	\$ -	\$ -	\$ 249,750.00
3.3.2 Equity Study	50	\$ 475	\$ 23,750	50	\$ 360	\$ 18,000	70	\$ 265	\$ 18,550	70	\$225	\$ 15,750	0	\$ -	\$ -	\$ 76,050.00
3.3.3 Market Study	80	\$ 475	\$ 38,000	125	\$ 360	\$ 45,000	150	\$ 265	\$ 39,750	300	\$225	\$ 67,500	0	\$ -	\$ -	\$ 190,250.00
Total for First Year																\$ 516,050.00

* other costs included in hourly rates

**The cost for the individual benchmark analysis and comprehensive labor market salary survey with upgrade of the compensation plan as referenced on 3.3.3 and clarified in Addendum number 3, is included in the total compensation fees in 3.3.1. Fees proposed in 3.3.3 are for classification work including the analysis of existing internal hierarchy and conducting a comprehensive review of the current classification and

Indicate the maximum cost increase, if any, for each of the subsequent contract years.

Contract Year	Maximum percentage increase:	Total Not To Exceed Cost:
2	3%	\$ 531,531.50
3	3%	\$ 547,477.45
4	3%	\$ 563,901.77
5	3%	\$ 580,818.82

Five Year Total:	\$ 2,739,779.53
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Tab 8 – Performance Measures & Exceptions

- a. Complete the Section 0620-1 and Section 0620-2 Performance Measures forms.
- b. Confirm acceptance of each performance measure. Any exceptions to the proposed language in Section 0620-1 or 0620-2 Performance Measures must be indicated in Section 0630. Please state alternative language along with the business need for the alternative language in that Section.
- c. Indicate if the requested liquidated damages and payout timeline is acceptable and if not, indicate what is acceptable.
- d. List and provide additional performance guarantees provided to your clients along with acceptable liquidated damages.
- e. Detail any business exceptions that you will require on Section 0630 - Exceptions. Be advised that exceptions to any portion of the Solicitation may jeopardize acceptance of your Proposal.

SECTION 0620-2: PERFORMANCE MEASURES COMPENSATION PROGRAMS SOLICITATION NO. RFP RWS0503

The following are the City's terms regarding performance measurements. Review this document, comment on each performance measure, and then place in Tab 8 of your Proposal.

	PERFORMANCE MEASURE	ACCEPTABLE PERFORMANCE	LIQUIDATED DAMAGE	AGREE YES/NO
1.	Dedicated Staff Response Employee Benefits staff will contact the contractor to ask questions and resolve issues. We require quick turn-around times for answers or resolutions.	The Contractor's dedicated staff will respond to electronic mail from City staff by the end of the next business day. The City will document the dates and times of un-returned electronic mail.	\$500 per occurrence. The Contractor's failure to meet this measure will result in the Contractor's payment to the City.	Yes, Segal agrees.
2.	Fiscal Year Expenditures, Rates, and Plan Design Inaccurate or delayed information will result in the City's failure to provide the City's management team and Council necessary information to complete the budget process.	Contractor will deliver updates to the City within five (5) business days of receipt of claims information with no substantive content or typing errors.	10% of the fees for this item. The Contractor's failure to meet this measure will result in the Contractor's payment to the City.	Yes, Segal agrees

3.	GASB Compliance –Other Postemployment Benefits Inaccurate or delayed information will result in the City's failure to provide the consolidated annual financial reports timely.	Contractor will deliver GASB projects to the City by the agreed upon timeframe with no substantive content or typing errors.	10% of the fees for this item. The Contractor's failure to meet this measure will result in the Contractor's payment to the City.	Yes, Segal agrees
4.	Quarterly Performance Reports Inaccurate or delayed information will result in the City's failure to successfully evaluate the City's medical plan and pharmacy benefit administration.	Contractor will deliver accurate quarterly performance measures to the City within five (5) business days of receipt of claims information with no substantive content errors.	10% of the fees for this item. The Contractor's failure to meet this measure will result in the Contractor's payment to the City.	Yes, Segal agrees
5.	Annual Report Inaccurate or delayed information will result in the City's failure to successfully evaluate the City's current benefit programs.	Contractor will deliver the Annual Report by the last day of March with no substantive content or typing errors	10% of the fees for this item. The Contractor's failure to meet this measure will result in the Contractor's payment to the City.	Yes, Segal agrees
6.	Annual Employer Survey Inaccurate or delayed information will result in the City's failure to successfully evaluate the City's current benefit programs.	Contractor will deliver the Annual Employer Survey by the first of February with no substantive content or typing errors.	10% of the fees for this item. The Contractor's failure to meet this measure will result in the Contractor's payment to the City.	Yes, Segal agrees
7.	Audits Inaccurate or delayed information will result in the City's failure to successfully evaluate the City's current benefit programs.	Contractor will perform audits of third party administrators by the agreed upon timeframe with no substantive content or typing errors.	10% of the fees for this item. The Contractor's failure to meet this measure will result in the Contractor's payment to the City.	Yes, Segal agrees

	PERFORMANCE MEASURE	PERFORMANCE	DAMAGE	YES/NO
8.	Vendor Proposal Development, Evaluation, and Negotiation Assistance Inaccurate or delayed information will result in the City's failure to offer and award contracts for future benefit programs.	Contractor will assist the City in developing, evaluating, and negotiating vendor proposals for current and future projects by the agreed upon timeframe with no substantive content or typing errors.	10% of the fees for this item. The Contractor's failure to meet this measure will result in the Contractor's payment to the City.	Yes, Segal agrees
9.	Compliance Assistance Inaccurate or delayed information will result in the City's failure to provide the successfully evaluate the City's current benefit programs.	Contractor will deliver an annual retiree actuarial attestation of the City's retiree medical plans for the Medicare Part D claim subsidy within the deadlines set by Medicare and Medicaid Service's (CMS) with no substantive content or typing errors.	10% of the fees for this item. The Contractor's failure to meet this measure will result in the Contractor's payment to the City.	Yes, Segal agrees
10.	Dedicated Staff Response Employee Compensation staff will contact the contractor to ask questions and resolve issues. We require quick turn-around times for answers or resolutions.	The Contractor's dedicated staff will respond to electronic mail from City staff by the end of the next business day. The City will document the dates and times of un-returned electronic mail.	\$500 per occurrence. The Contractor's failure to meet this measure will result in the Contractor's payment to the City.	Yes, Segal agrees
11.	Total Compensation (Rewards) Report Inaccurate or delayed information will result in the City's failure to provide the City's management team and Council necessary information to complete the budget process.	Contractor will deliver the Total Compensation (Rewards) Report by the agreed upon timeframe with no substantive content or typing errors.	10% of the fees for this item. The Contractor's failure to meet this measure will result in the Contractor's payment to the City.	Yes, Segal agrees
12.	Equity Study Inaccurate or delayed information will result in the City's failure to provide the City's management team and Council necessary information to complete the budget process.	Contractor will deliver the Equity Study by the agreed upon timeframe with no substantive content or typing errors.	10% of the fees for this item. The Contractor's failure to meet this measure will result in the Contractor's payment to the City.	Yes, Segal agrees

13.	Market Study Inaccurate or delayed information will result in the City's failure to provide the City's management team and Council necessary information to complete the budget process.	Contractor will deliver the Market Study by the agreed upon timeframe with no substantive content or typing errors.	10% of the fees for this item. The Contractor's failure to meet this measure will result in the Contractor's payment to the City.	Yes, Segal agrees
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General Lines Agent
Life, Accident, Health and HMO

KENNETH C VIEIRA
2018 POWERS FERRY RD SE STE 850
ATLANTA, GA 30339-7200

Is authorized to transact business as described above

License No: 2070828 Issue Date: 02-25-2018 Expiration Date: 05-15-2018

CLAIMED by SEVER 127828713

TEXAS The Great State of Texas THIS IS TO CERTIFY THAT		IS HEREBY AUTHORIZED TO TRANSACT BUSINESS IN ACCORDANCE TO THE LICENSE DESCRIPTION SHOWN BELOW
KENNETH C VIEIRA 2018 POWERS FERRY RD SE STE 850, ATLANTA, GA 30339-7200		General Lines Agent Life, Accident, Health and HMO
LICENSE NUMBER 2070828		Issue Date: 02-25-2018 Expiration Date: 05-15-2018
		Created by: Admin 11/15/16



General Lines Agent

Life, Accident, Health and HMO

PETER WANG

2018 POWERS FERRY RD SE STE 850

ATLANTA, GA 30339-7200

is authorized to transact business as described above

License No: 1572492

Issue Date: 06-08-2009

Expiration Date: 06-08-2017

Generated by Siroon 113775229

<p>TEXAS DEPARTMENT OF INSURANCE THIS IS TO CERTIFY THAT</p> <p>PETER WANG 2018 POWERS FERRY RD SE STE 850 ATLANTA, GA 30339-7200</p> <p>LICENSE NUMBER: 1572492</p>	<p></p> <p>IS HEREBY AUTHORIZED TO TRANSACT BUSINESS IN ACCORDANCE TO THE LICENSE DESCRIPTION SHOWN BELOW:</p> <p>General Lines Agent Life, Accident, Health and HMO</p> <p>Issue Date: 06-08-2009 Expiration Date: 06-08-2017</p> <p>Generated by Siroon 113775229</p>
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General Lines Agent
Life, Accident, Health and HMO

EDWARD A KAPLAN
85 BEECH AVE
BERKELEY HEIGHTS, NJ 07922-1608

Is authorized to transact business as described above

License No: 1392792 Issue Date: 06-13-2008 Expiration Date: 06-13-2018
Generated by System 131704346

<p>TEXAS Department of Insurance THIS IS TO CERTIFY THAT</p> <p>EDWARD A KAPLAN 85 BEECH AVE, BERKELEY HEIGHTS, NJ 07922-1608</p> <p>LICENSE NUMBER 1392792</p>	<p>IS HEREBY AUTHORIZED TO TRANSACT BUSINESS IN ACCORDANCE TO THE LICENSE DESCRIPTION SHOWN BELOW.</p> <p>General Lines Agent Life, Accident, Health and HMO</p> <p>Issue Date: 06-13-2008 Expiration Date: 06-13-2018</p> <p>Generated by System 131704346</p>
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Texas Department of Insurance
Licensing Division, MC 107-1A
333 Guadalupe • P. O. Box 149104
Austin, Texas 78714-9104
512-322-3503 telephone
www.tdi.texas.gov

General Lines - LAH & HMO licensees may sell any line authorized by Texas Insurance Code (TIC) Ch. 4054, including variable contracts.
General Lines - P&C licensees may sell any line authorized by TIC Ch. 4051.

GINA TYSON SANDER
104 MINT CT
ACWORTH GA 30102-2033

Texas Department of Insurance
GINA TYSON SANDER

License No: 1944334

NPN: 7041268

BE IT KNOWN, the above named, having fulfilled all requirements for licensure under the laws of the State of Texas, is authorized to engage in the business of insurance in the State of Texas as a

Licensed as: General Lines Agent
Qualified for: Life, Accident, Health & HMO

Effective Date
09-23-2014
09-23-2014

Expiration Date
09-23-2016


J. Elida Salas, Director
Agent and Adjuster Licensing



Signature
Required on
Wallet
License.

Cut along
Exterior
Line and
Fold in the
middle.

Texas Department of Insurance
License No: 1944334 NPN: 7041268

GINA TYSON SANDER
104 MINT CT
ACWORTH GA 30102-2033

Signature of Licensee

Texas Department of Insurance
GINA TYSON SANDER

License No: 1944334 NPN: 7041268

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Licensed as/Qualified for:
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Effective Date:
09-23-2014
09-23-2014

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09-23-2016


J. Elida Salas, Director
Agent and Adjuster Licensing



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Academic Degrees

Other Professional Designations

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Consulting

Primary Area of Practice
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Specializations

Society of Actuaries Sections

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Peter Wang

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Primary Area of Practice

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Specializations**Society of Actuaries Sections**

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FCA 2016

**SOA Continuing Professional
Development Requirement**
Compliant(2015-2016)

Academic Degrees

B.S.

M.A.

Other Professional Designations**Industry**

Consulting

Primary Area of Practice

Retirement

Specializations**Society of Actuaries Sections**

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Development Requirement**
Compliant(2015-2016)

Academic Degrees
M.S.

Other Professional Designations

Industry
Consulting

Primary Area of Practice
Health

Specializations
Employee Health Benefits
Health Insurance - Commercial
Health Insurance - Public Systems
Other Post-Employment Benefits
Underwriting
Valuation/Reserving

Society of Actuaries Sections

Bettye Danelle Cook	
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Assistant Actuary	MAAA 2008
The Segal Company	ASA 2010
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	M S
	Other Professional Designations
	Industry
	Consulting
	Primary Area of Practice
	Retirement
	Specializations
	Society of Actuaries Sections

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SOA does not warrant the accuracy, completeness, or timeliness of the information shown. In no event shall the SOA be liable to you or anyone else for any decision made or action taken by you in reliance on such information.

Phillip Stedman Floyd

Personal Information

Phillip Stedman Floyd

Designations

ASA 2016

**SOA Continuing Professional
Development Requirement**

Compliant(2015-2016)

SOA does not warrant the accuracy, completeness, or timeliness of the information shown. In no event shall the SOA be liable to you or anyone else for any decision made or action taken by you in reliance on such information.

Appendix I – Segal Sample Reports

FOR INFORMATIONAL PURPOSES ONLY

CONTENTS WILL VARY BASED ON PROJECT COMPONENTS

Individual review components are examples and not necessarily from the same client or administrator.

Administrator

SAMPLE CLAIMS AUDIT REPORT

Claims Processing

Table of Contents

Confidentiality Statement

Release of electronic and hardcopy information for this analysis required execution of an agreement signed by The Segal Company, Client, and Administrator.

All audit information and findings prepared and presented in this report are considered confidential and proprietary. Sharing of contents or the copying of information herein is expressly prohibited without the written consent of the agreeing parties.



Table of Contents

- 1. Background**
- 2. Executive Summary**
- 3. Health Benefits**
- 4. Wellness**
- 5. Retiree Programs**
- 6. Other Benefits**
- 7. Recommendations**



Background

- The County engaged Segal to review the County's benefits package and compare it with national and local government benefits and practices
- The County's overall goal is to efficiently and effectively offer a benefits package that employees find relevant and valuable, that is current and competitive in the marketplace – attracting talent and instilling loyalty, across the County and among employees
- To that end, Segal benchmarked current health and welfare benefit programs to peers and publically available survey data to assess competitiveness
- The County and Segal identified the following peer healthcare organizations for comparison
 - City
 - County 1
 - County 2
 - County 3
 - State Health Benefit Plan
 - Transit

*County 4 did not respond to request for information

Background *continued*

- Nationally published survey sources referenced:
 - **Kaiser Family Foundation**—Employer Health Benefits, 2015 Annual Survey
 - **Mercer**—National Survey Employer-Sponsored Health Plans, 2015 Survey Report (published 2016)
- This report focuses on the benchmark assessment, comparing the County to nationally published survey data:
 - Better understanding of how the County's benefits program compares to those that compete for the same talent pool
 - Overall competitiveness of the County's benefits program, along with Segal's observations and identification of opportunities for improvement
 - Recommendations for the County's consideration

The comparison to published benchmarks focuses on the Southeast region of the U.S., and government sponsored health plans





1. Background

2. Executive Summary

3. Health Benefits

4. Wellness

5. Retiree Programs

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7. Recommendations



Executive Summary

● Equal to or better than peer or market ● Less generous than peer or market

County			
Benefit Offerings	Compared to Peers	Compared to Market	Observations
Medical/Prescription Drug - HMO	●	●	<ul style="list-style-type: none"> Silver Plan has a higher deductible and Maximum Out of Pocket compared to peer groups However the Kaiser HMO Gold plan is in line with marketplace as well as SHBP HD HMOs Less generous coinsurance than peer groups, but falls in line with national marketplace Silver HMO appears to fall in line with the County's High / Low Plan strategy Premium costs to employees are more generous than peers
Medical/Prescription Drug - HDHP	●	●	<ul style="list-style-type: none"> County's HSA plans are in line with both local peer groups as well as national market data Maximum Out of Pocket Limits are more generous than local peer groups
Dental	●	●	<ul style="list-style-type: none"> Dental benefits are in line with local peer groups and national marketplace 100% employee contributions are not in line with marketplace but are reflective of the County's voluntary strategy
Vision	●	●	<ul style="list-style-type: none"> In line with all comparators
Short-Term Disability	●	●	<ul style="list-style-type: none"> We often see government organizations providing this coverage on an employee pay all basis similar to the County's , as this coverage often is replaced by PTO
Long -Term Disability	●	●	<ul style="list-style-type: none"> Employer paid benefit is in line with peers and market Consider a Base + Buy-Up Option
Life Insurance	●	●	<ul style="list-style-type: none"> Appears to be comparable in dollar value About half of the peer groups fund Basic Life at 100%, while the other half fund at 70-75%

Executive Summary *continued*

● Equal to or better than peer or market ● Less generous than peer or market

County			
Benefit Offerings	Compared to Peers	Compared to Market	Observations
Flexible Spending Accounts	●	●	<ul style="list-style-type: none"> Most employers allow for employees to contribute up to the IRS maximum and have adopted the rollover provision, as it's easier to administer When FSAs are offered alongside a HDHP w/ HSA, they must be a limited scope FSA (only covering dental and vision services)
Health Savings Accounts	●	●	<ul style="list-style-type: none"> When factoring in the additional deposit for wellness, County's contributions to the HSA are comparable to market on a single/family basis Current 2-tier HSA funding methodology adequately accounts for Employee + Spouse and Employee + Child(ren) being subject to family deductible
Non-Traditional Benefits	●	●	<ul style="list-style-type: none"> Non-traditional benefit offerings are becoming more of a focus for all employees, and employers are expanding these offerings to their benefit packages without necessarily increasing their costs, as most of these programs are paid for by employees
Overall Assessment	●	●	



1. Background

2. Executive Summary

3. Benefits

- **Medical**
- **Dental**
- **Vision**
- **Life/Disability**
- **Voluntary**

4. Wellness

5. Retiree Programs

6. Other Benefits

7. Recommendations



Medical & Pharmacy Benefits

Current Program—In-Network Plan Designs

	Aetna Maximum Choice HSA Silver	Aetna Maximum Choice HSA Gold	Kaiser Silver HMO*	Kaiser Gold HMO*
Medical				
Deductible	\$1,800 Indiv \$3,600 Fam	\$1,300 Indi \$2,600 Fam	\$1,600 Indiv \$3,200 Fam	\$900 Indiv \$1,800 Fam
HRA/HSA Deposits (earned through wellness program)	\$750 Indiv \$1,500 Indiv & Spouse	\$750 Indiv \$1,500 Indiv & Spouse	\$750 Indiv \$1,500 Indiv & Spouse	\$750 Indiv \$1,500 Indiv & Spouse
Maximum Out of Pocket (MOOP)	\$3,750 Indiv \$7,500 Fam	\$2,000 Indiv \$4,000 Fam	\$5,000 Indiv \$10,000 Fam	\$3,000 Indiv \$6,000 Fam*
Coinsurance	70%	85%	70%	80%
PCP	70% after Ded	85% after Ded	\$50	\$30
Specialist	70% after Ded	85% after Ded	\$70	\$50
ER	70% after Ded	85% after Ded	70% after Ded	80% after Ded
Urgent Care	70% after Ded	85% after Ded	\$70	\$50
Rx (retail)				
Generic / Brand Preferred / Non-Brand Preferred	70% after Ded	85% after Ded	\$15 / \$55 / NA	\$5 / \$35 / NA
Actuarial Value (Active/Early Retirees)	81%/71%	90%/81%	81%/71%	90%/80%

*Enrollment in a Kaiser plan includes a Hospital Indemnity benefit for members and their enrolled family members as well as eligibility to participate in a Health Reimbursement Account (HRA) with deposits earned through completion of wellness activities

Medical & Pharmacy Benefits

Local Practices

- Transit - CIGNA medical plan with Rx through Walgreens/Catamaran
 - No CDH/HDHP or wellness strategy
- SHBP - BCBS, Kaiser and UHC for medical and Express Scripts for Rx
 - HRA based CDH/Wellness combined strategy
 - Added telemedicine option 1/1/16
- City, County 1, County 2, and Transit: Kaiser HMO options
 - County 2 replaced BCBS HMO with Kaiser option 1/1/2016
- Non-Kaiser HMO Options for Peer Groups
 - County 1, County 2—BCBS
 - Transit - Cigna
- County 2 changed from an HRA to HSA strategy beginning 1/1/2016
 - Implemented Wellness strategy

	County	City	County 1	County 2	County 3	Transit	SHBP
HMO	Y	Y	Y	Y	Y	Y	Y
PPO/POS	N	Y	Y	Y	Y	Y	N
HDHP/CDH	Y	HSA	HRA	HSA	HSA	N	HRA

Medical & Pharmacy Benefits

Side by Side Comparison – HMO

Leaner benefit than benchmarks

Aligned with benchmarks

Richer benefit than benchmarks

HMO	County Kaiser HMO Silver	County Kaiser HMO Gold	National Data ¹ Industry: Government Region: South	Local Data – Traditional HMO	Local Data – CDH HMO ²
Deductible	\$1,600 Indiv \$3,200 Fam	\$900 Indiv \$1,800 Fam	\$500 - \$1,000 Indiv	\$0–\$500 Indiv \$0–\$1,500 Fam	\$1,300 Indiv \$2,600 Fam
Coinsurance	70%	80%	80%-100%*	90%–100%	100%
MOOP	\$5,000 Indiv \$10,000 Fam	\$3,000 Indiv \$6,000 Fam	\$1,300 - \$6,000 Indiv*	\$1,500–\$3,000 Indiv \$3,000–\$6,000 Fam	\$4,000–\$6,350 Indiv \$9,000–\$12,700 Fam
OV Copays	\$50 PCP \$70 Specialist	\$30 PCP \$50 Specialist	\$15-20 PCP \$40 Specialist	\$15–35 PCP \$25–40 Specialist	\$35 PCP \$45 Specialist
Rx (retail)	\$15 Generic / \$35 Brand (Closed formulary)	\$5 Generic / \$35 Brand (Closed formulary)	\$10/\$30/\$50 \$100 - specialty	\$10–30/\$25-50/\$45-50 or (N/A)	\$20/\$50/\$90
EE Contributions	6-16.6% ³	16-26% ³	13-24%	7–30%	Not disclosed
Vendor(s)	Kaiser	Kaiser	Any/all	BCBS, CIGNA, Kaiser	BCBS, Kaiser, UHC

¹ National data source material: 2016 Mercer National Survey of Employer-Sponsored Health Plans and 2015 Kaiser Foundation Health Benefit Survey

*Figures are from 2015 Mercer survey – not reported in 2016 survey.

² SHBP offers CDH-type HMOs with 3 different carriers

³ Contributions reflect active non-tobacco users NOT participating in the wellness program

Medical & Pharmacy Benefits

Side by Side Comparison – CDH/ HDHP

Leaner benefit than benchmarks

Aligned with benchmarks

Richer benefit than benchmarks

CDH/HDHP	County Aetna Max Choice HSA Silver	County Aetna Max Choice HSA Gold	National Data ¹ Industry: Government Region: South	Local Data
Deductible	\$1,800 Indiv \$3,600 Fam	\$1,300 Indiv \$2,600 Fam	\$1,600 Indiv \$3,500 Fam	\$1,300–\$3,500 Indiv \$2,500–\$7,000 Fam
HSA/HRA ER Credit/ Deposit	\$750 Indiv \$1,500 Incl. Spouse	\$750 Indiv \$1,500 Incl. Spouse	\$500–\$972 (HSA)	\$500–\$1,500 (HSA) ³ \$200–1,000 (HRA) ³ (individual and family shown)
Coinsurance	In: 70% Out: 50%	In: 85% Out: 50%	In: 75-85% Out: 60%	In: 70-90% ⁴ Out: 50-60%
MOOP	\$3,750 Indiv \$7,500 Fam	\$2,000 Indiv \$4,000 Fam	\$3,000 Indiv* \$7,500 Fam	\$1,250–\$6,450 Indiv \$3,750–\$12,900 Fam
Rx (retail)	30% of allowed amount after Ded	15% of allowed amount after Ded	Subject to Deductible & Coinsurance	Subject to Deductible & Coinsurance with Various Mins and Maxs
EE Contributions	8.5-16% ²	18-23% ²	13-23%	6–30%
Vendor(s)	Aetna	Aetna	Any/all	BCBS, Kaiser, UHC

¹ National data source material: 2016 Mercer National Survey of Employer-Sponsored Health Plans and 2015 Kaiser Foundation Health Benefit Survey

*Figures from Mercer 2015 Survey; Not reported for 2016 Survey

² Rates shown are for non-tobacco users NOT participating in the wellness program.

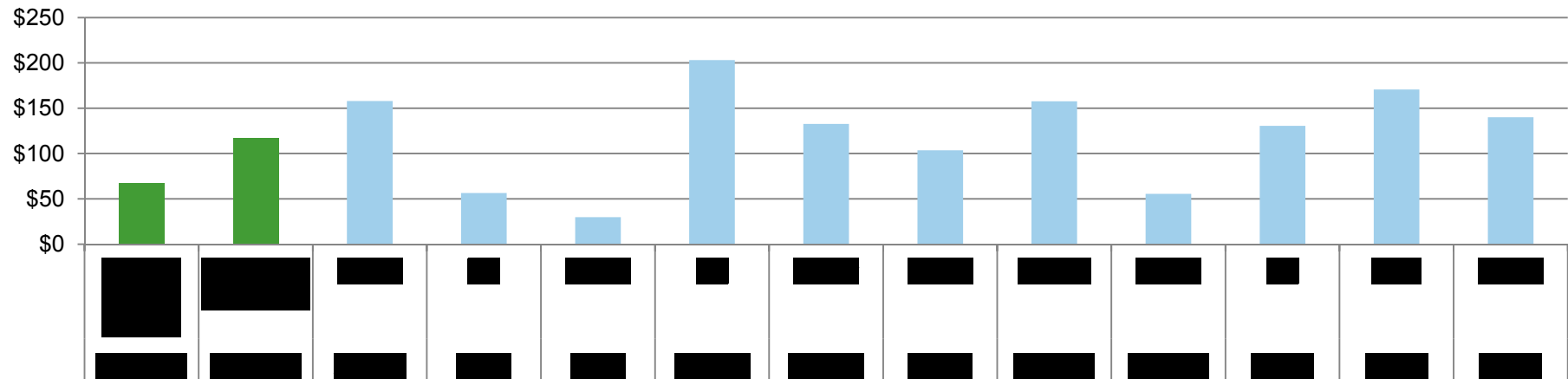
³ Represents both Individual and Family deposit amounts

⁴ City HDHP HMO outlier of 100%

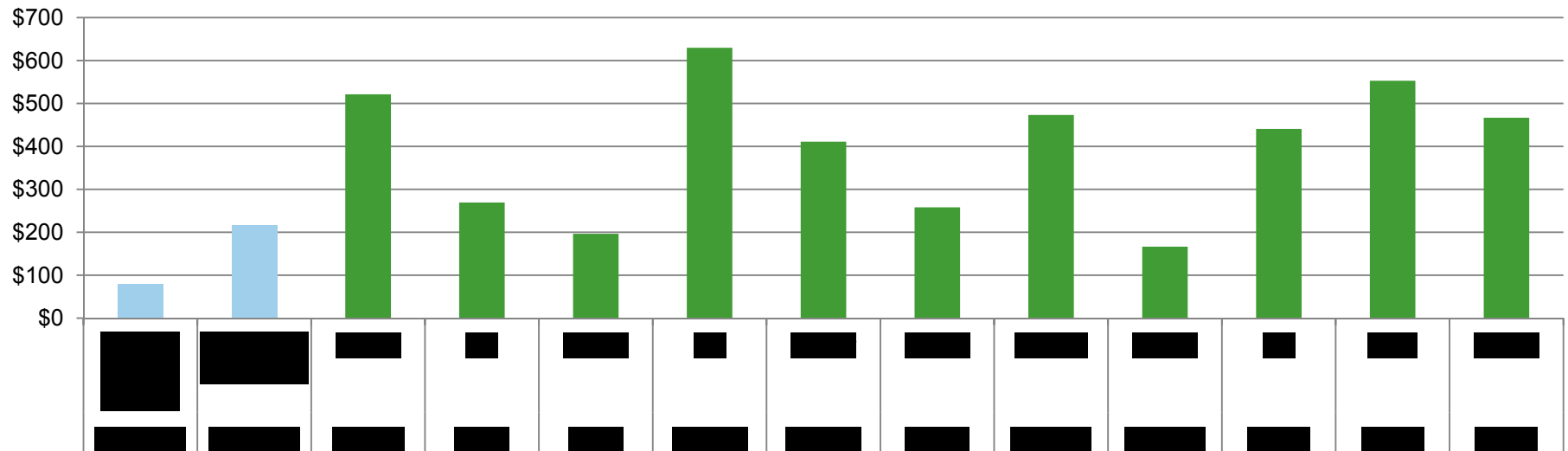
Medical & Pharmacy Benefits

Contributions - HMO

Employee Contributions



Employee + Family Contributions



Medical & Pharmacy Benefits

Contributions – HMO (continued)

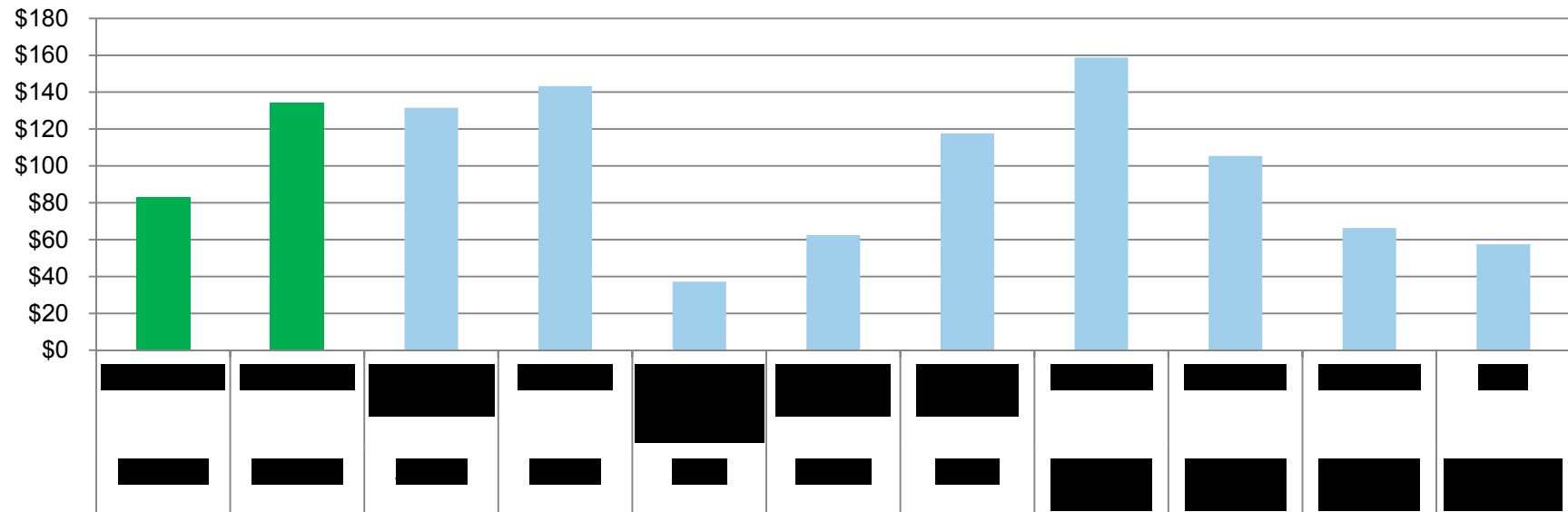
Rank	Organization	Employee Only Premium
1	County 1 Kaiser	\$29.79
2	Transit Kaiser	\$55.46
3	County 1 BCBS Open Access	\$56.38
4	County Silver	\$67.27
5	County 2 Kaiser	\$103.57
6	County Gold	\$116.82
7	SHBP BCBS	\$130.58
8	County 3 Kaiser	\$132.73
9	SHBP Kaiser	\$140.02
10	Transit CIGNA	\$157.70
11	City Kaiser	\$157.91
12	SHBP UHC	\$170.68
13	County 3 Blue Open Access	\$203.13

Rank	Organization	Family Premium
1	County Silver	\$79.96
2	Transit Kaiser	\$166.48
3	County 1 Kaiser	\$196.50
4	County Gold	\$216.24
5	County 2 Kaiser	\$258.09
6	County 1 BCBS Open Access	\$269.25
7	County 3 Kaiser	\$410.89
8	SHBP BCBS	\$440.44
9	SHBP Kaiser	\$466.86
10	Transit CIGNA	\$473.12
11	City Kaiser	\$521.08
12	SHBP UHC	\$552.71
13	County 3 Blue Open Access	\$629.70

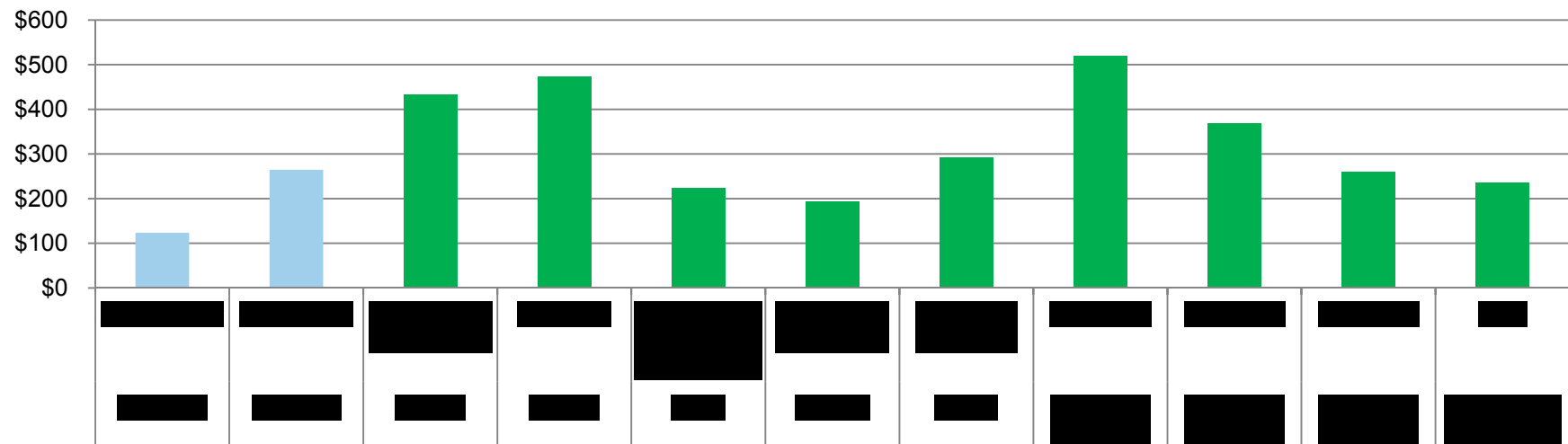
Medical & Pharmacy Benefits

Contributions - CDH

Employee Only Contributions



Family Contributions



Medical & Pharmacy Benefits

Contributions – CDH (continued)

Rank	Organization	Employee Only Premium
1	County 1 BCBS Open Access HRA	\$37.20
2	SHBP UHC	\$57.46
3	County 3 Blue Open Access	\$62.44
4	SHBP GA Bronze	\$66.28
5	County Silver Max Choice	\$83.09
6	SHBP Silver	\$105.33
7	County 2 BCBS Anthem	\$117.67
8	City Kaiser HMO HDHP	\$131.52
9	County Gold Max Choice	\$134.44
10	City Lumenos	\$143.28
11	SHBP Gold	\$158.79

Rank	Organization	Family Premium
1	County Aetna Silver Max Choice	\$123.48
2	County 3 Blue Open Access	\$193.55
3	County 1 BCBS Open Access HRA	\$222.95
4	SHBP UHC HDHP	\$235.72
5	SHBP Bronze	\$260.40
6	County Gold Max Choice	\$264.71
7	County 2 BCBS Anthem	\$293.26
8	SHBP BCBS Silver	\$369.74
9	City Kaiser HMO HDHP	\$433.98
10	City Lumenos	\$473.50
11	SHBP BCBS Gold	\$519.43

Medical & Pharmacy Benefits

Emerging Trends and Practices

➤ **Referenced Based Pricing**

- Plans that implement reference-based pricing (RBP) set a maximum amount payable for specific procedures
- Higher-than-normal cost sharing applies for providers charging above reference price
- ACA set limits on out-of-pocket expenses for non-grandfathered plans (\$6,600 for individual coverage; \$13,200 for other than individual coverage)
- An FAQ issued on May 2 indicated that a large or self-insured group using RBP would not be considered as non-compliant with the out-of-pocket limits as long as the plan uses “any reasonable method” to ensure adequate access to quality providers

➤ **Data Warehousing / Mining**

- Combine data across medical vendors and PBMs and has capability to compare plan to normative benchmarks
- Determine the medical conditions and treatments that are driving up health care costs which helps us develop more targeted and effective cost containment strategies
- Benchmark cost and utilization patterns of a plan to industry norms and other plan sponsors
- Assess impact and effectiveness of wellness, disease management and other clinical programs
- Serves as an audit tool to validate vendor performance guarantees (e.g., vendors discounts, generic fill rates, etc)



Medical & Pharmacy Benefits

Emerging Trends and Practices

➤ Value Based Benefit Designs

- Comprehensive plan design to address the way health benefits are structured and utilized by employees
- Coupled with inducements to encourage appropriate health-seeking behavior
- Types: Individual Health Competency, Condition Management, Provider Guidance

➤ Telemedicine / Kiosks

- Consultation can take place by a phone call, email or a web-based video call, and may include discussing symptoms, treatment options and prescriptions
- No appointment needed
- Complements traditional healthcare
- Kiosks allow physicians to obtain basic vital signs such as blood pressure and heart rate
 - Digital medical devices include: Thermometer, Blood Pressure Cuff, Scale, Otoscope, Dermoscope, Stethoscope, Pulse Oximeter
- The American Medical Association (AMA) states that 70% of doctor's office visits can be handled over the phone and 50% of ER visits are non-emergencies



Dental Benefits

Side by Side Comparison

Leaner benefit than benchmarks

Aligned with benchmarks

Richer benefit than benchmarks

	County DHMO	County PPO Mid-Option	County PPO High-Option	National Data ¹ Industry: Government Region: South	Local Data
Deductible	None	\$100 Indiv \$300 Fam	\$50 Indiv \$150 Fam	\$50 Indiv \$100-150 Fam	DHMO \$0 / DPPO: \$50 Indiv DHMO \$0 / DPPO: \$150 Fam
Annual Benefit Max	None	\$1,000 per person	\$1,500 per person	\$1,500	DHMO: None DPPO: \$500-\$2,000
Diagnostic & Preventive	Benefit Schedule	100%	100%	Not reported	100%
Basic Benefits	Benefit Schedule	80%	80%	Not reported	80%-90%
Major Benefits	Benefit Schedule	50%	50%	Not reported	40%-50%
Orthodontia	Benefit Schedule	Not Covered	50%	Not reported	50% if covered
Ortho Lifetime Max	Benefit Schedule	Not Applicable	\$2,500 per person	\$1,500	\$1,500-\$2,000
EE Contribs	100%	100%	100%	12-31%	25-30%
Vendors(s)	CIGNA	CIGNA	CIGNA	Any/all	Aetna, BCBS, CIGNA, Delta Dental

¹ National data source material: 2016 Mercer National Survey of Employer-Sponsored Health Plans and 2015 Kaiser Foundation Health Benefit Survey

Vision Benefits

Side by Side Comparison

Leaner benefit than benchmarks

Aligned with benchmarks

Richer benefit than benchmarks

	County Basic Vision	County Premium Vision	Local Data
Routine Eye Exam	\$10 copay	\$15 copay	\$10-\$25 copay
Lenses	\$10 copay	\$15 copay	\$10-\$25 copay
Single	Once Per Calendar Year	Once Per Calendar Year	Every 12 months; Once Per Calendar Year
Bifocal			
Tricocal			
Lenticular			
Frames	\$10 copay up to \$120 allowance; Once every other cal year	\$15 copay up to \$150 allowance; Once every other cal year	Copay amt up to \$130 - \$200 allowance; Every 12 months; Every 2 Calendar Years
Contact Lenses	\$60 fitting copay plus any cost above \$120 materials limit	\$60 fitting copay plus any cost above \$150 materials limit	Copay covers fitting; Covered in full for both medically necessary and elective
Laser Vision Correction	15%-20% discount	15%-20% discount	15%-20% discount
EE Contribs	100%	100%	42-100%
Vendors(s)	VSP	VSP	BCBS, CIGNA, EyeMed, UHC

National data source material did not report out on Vision Benefits

Basic Life & Optional Life Benefits

Current Program - Contributions

- Coverage for Basic, Optional, Spouse and Dependent life is administered by The Hartford
- **Basic Life**
 - Automatically covered by the County; eligible employees don't need to enroll (3x Basic Annual Earnings, rounded to next \$1,000 to a maximum of \$300,000)
 - County contributes 100% of premium
- **Optional Life**
 - Eligible employees can elect to purchase Optional (additional) Life insurance
 - » First time eligibles: Up to \$250,000 without EOI
 - » Late enrollees: Increments of \$50,000 w/ EOI
 - » Maximum of \$500,000 or 5x's base salary
 - Decision to enroll in Optional Life does not impact Basic Life
 - The County does not make a contribution towards an employee's Optional Life benefit
- **Dependent Life**
 - Eligible employees can elect to purchase Life insurance for their spouse and/or children
 - » \$20,000 spouse
 - » \$10,000 per child
 - The County does not make a contribution towards an employee's Optional Life benefit
- **Retirees** are not offered Basic or Optional Life Coverage

Basic Life & Optional Life Benefits

Current Program – Plan Design

Leaner benefit than benchmarks

Aligned with benchmarks

Richer benefit than benchmarks

	Features	County Life Benefits	Local Data
	Carrier/Administrator	The Hartford	Minnesota Life, The Hartford, Lincoln Financial, MetLife, Colonial Life**
Basic Life			
	Employer Contribution Percentage	100%	70% - 100%; 100% of first \$10K
	Benefit	3x BAE	1x BAE- 2.25x BAE; \$50K flat
	Maximum Benefit	\$300K	\$50K - \$2.5M***
	Guarantee Issue	Lesser of 3x BAE, or \$300K	\$50K - \$1M***
Optional Employee Life			
	Rating Structure	Age-rated	Age-rated; Composite-rated
	Benefit	Increments of \$50,000	Increments of \$10K – Multiples of salary
	Maximum Benefit	\$200K(Combined: Lesser of 5x BAE or \$500K)	\$200K - lesser of 10x BAE or \$2M max
	Guarantee Issue	\$250K	\$200K - lesser of 3x BAE or \$300K* max
	EOI Required?	Late entrants and increases in excess of \$50K	Late entrants, increases in excess of \$5,000 – Amounts in excess of lesser of 3x BAE or \$300K
Optional Dependent Life - Spouse Coverage			
	Maximum Benefit	\$20K	\$5K to Lesser of EE benefit or \$250K
	Guarantee Issue	\$20K	\$5K - \$70K
Optional Dependent Life - Child Coverage			
	Maximum Benefit	\$10K/child	\$5K - \$20K/child
	Guarantee Issue	\$10K/child	\$5k – Lesser of EE benefit or \$20K

*One Comparator \$10,000 Guaranteed issue to initial enrollees

**Colonial Life replaced Aflac at City 1/1/2016; Aflac replaced Colonial for County 3 1/1/2016

***County 1 outlier at \$2.5M Maximum Benefit and \$1M GI

Basic Life / AD&D and Optional Life Benefits

Comparison with Benchmarks (Local)

➤ Basic Life / AD&D

- SHBP does not provide a Basic Life benefit; all other peers surveyed provide some portion of basic life insurance benefits to the employee at no cost
- In addition to the County, County 1 and Transit provide Basic Life at 100% and offer it at 2x Base Annual Earnings (BAE) and 1x BAE respectively
- All local comparators surveyed, except for County 2, set their Basic Life benefit to equal their AD&D benefit

➤ Optional Life

- All Local comparators surveyed offer Optional Life benefits for employees, spouses and dependents
- County 1, Transit and SHBP are age-rated, while City and County 2 are composite-rated
- City, County 1 and Transit offer an accelerated death provision
- City provides a Surviving Spouse benefit (\$5,000 flat benefit)

	County	City	County 1	County 2	County 3	Transit	SHBP
Basic Life	Y	Y	Y	Y	Y	Y	N
Optional Life	Y	Y	Y	Y	Y	Y	Y

*SHBP includes Waiver of Premium

Short Term Disability Benefits

Current Program

Leaner benefit than benchmarks

Aligned with benchmarks

Richer benefit than benchmarks

	Features	County's STD Benefits	Local Data
Carrier/Administrator		The Harford	AFLAC, The Hartford, Colonial Life, The Standard
Coverage Class		Traditional Group	Traditional Group; Individual Supp
Premium Basis		100% Voluntary	Employer Provided; 100% Voluntary
Rating Structure		Age-rated	Age-rated; Composite-rated
Base Plan (Employer provided)			
	Percent of Salary/Flat \$ Benefit	Not Applicable	60% at 90 days (\$500/wk max)*
Optional/Buy-up Plan (Employee paid)			
	Option 1 (accident - sickness - benefit duration)	30-30-150, at 60%	30-30-90 at 40% to 7-7-180 at 60%
	Option 2 (accident - sickness - benefit duration)	60-60-120, at 60%	30-30-90 at 50% to 30-30-180 at 60%
	Option 3 (accident - sickness - benefit duration)	90-90-90, at 60%	30-30-90 at 60%
	Maximum Benefit	\$1,200 weekly	\$1,000 - 1,500 weekly (or \$6,000 monthly); 60% of income
	EOI Requirement	Yes, to shorten eligibility period or if employee is changing their current election	No or Not Available

*Transit was only local peer with Base Plan and was not included in the comparator information as their plan was an outlier with no LTD plan to coordinate with

Long Term Disability Benefits

Current Program

Leaner benefit than benchmarks

Aligned with benchmarks

Richer benefit than benchmarks

	Features	County's LTD Benefits	Local Data
	Carrier/Administrator	The Hartford	AFLAC, The Hartford, Lincoln Financial, The Standard
	Coverage Class	Traditional Group	Traditional Group; Individual Supp
	Premium Basis	Employer Provided	Employer Provided; 100% Voluntary; Base + Buy-Up
Benefits			
Base Plan (Employer provided)			
	Elimination Period	180 Days	90-180 Days
	Percent of BAE	60%	60%
Optional/Buy-up Plan (Employee paid)			
	Rating Structure	Not Applicable	Age-rated; Composite-rated
	Elimination Period		90 – 180 days
	Percent of BAE		60% - 70%
	Maximum Benefit		\$5,000 - \$10,000

Short Term & Long Term Disability Benefits

Comparison with Benchmarks (Local)

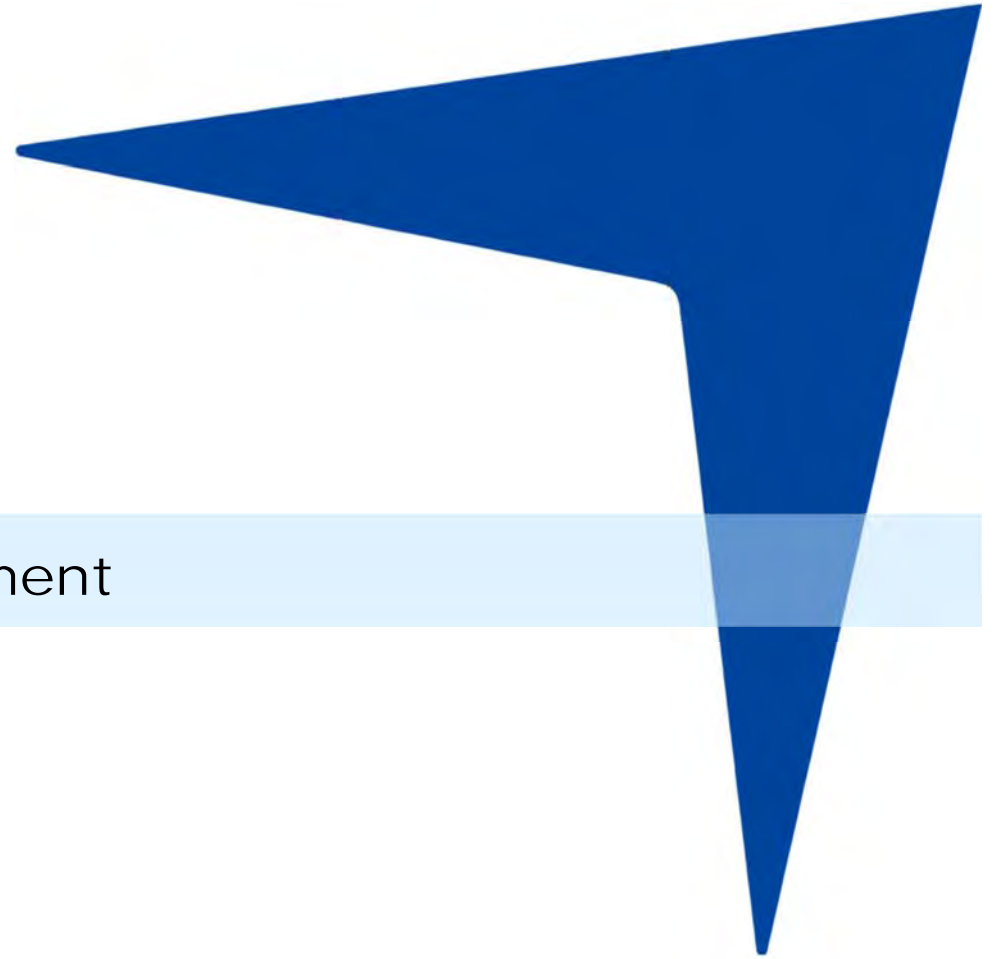
➤ STD

- All comparators offer Optional STD
 - Only Transit offers an Employer provided STD base plan
 - Transit and SHBP offer Optional STD on a traditional group basis
 - City, County 1, County 2 and County 3 offer Optional STD on an individual supplement basis
 - Transit provides STD to its employees on a composite-rated basis
 - All other comparators offer Optional STD on an age-rated basis

➤ LTD

- Most comparators offer LTD
 - County 1, County 2, Transit provide traditional group LTD at no cost to the employee
 - City, County 1 and SHBP offer Optional LTD
 - City offers Supplemental LTD through Aflac
 - County 1 offers a buy-up option to their eligible employees of an additional 10% (to 70%)
 - » County 1 offers LTD buy-up on a composite-rated basis
 - » County 1 offers 2-year “Own Occ” and 2-year “Mental and Nervous” provisions

	County	City	County 1	County 2	County 3	Transit	SHBP
STD	Y	Y	Y	Y	Y	Y	Y
LTD	Y	Y	Y	No Info	Y	Y	Y



1. Background

2. Executive Summary

3. Benefits

4. Wellness & Health Management

- **Wellness Strategy**
- **Onsite Clinics**
- **Other Programs**

5. Retiree Programs

6. Other Benefits

7. Recommendations



Health Benefits—Wellness and Medical Management

Current Program

- AssetHealth administers County's wellness program for active population
- County wellness program requirements:
 - Complete online wellness assessment
 - Participate in biometric screenings
 - Complete tobacco-free affidavit
 - Wellness activity
- County financial wellness incentives:
 - Opt out of wellness surcharge (\$60 per month)
 - Opt out of tobacco surcharge (\$60 per month)
 - For HDHP only – County deposits an additional \$200 (\$400 w/ spouse coverage) into the HSA when wellness requirements are met
 - For HMO only – County deposits up to \$750 (\$1,500 with spouse coverage) into HRA
- Wellness program services include:
 - Electronic Personal Health Record
 - Interactive Digital Coaching via email messaging, that covers weight management, smoking cessation, stress management, nutrition and diet, and physical activity
- Online tools include symptom checker, condition-specific articles and videos, goal tracker, nutritional scoring tool, and a prescription drug guide
- Disease management coaching and counseling is offered to all enrolled members
- Additional Programs Available:
 - Weight management / Weight Watchers At Work
 - Fitness Reimbursements
 - Yoga/Therapeutic Stretching Classes
 - Annual Seasonal Flu Vaccines



Wellness and Medical Management Programs

Local Participation Requirements

	HRQ	Biometrics	Tobacco Attestation	Screening/ Physical	Health Coaching	DM Participation	Incentive Earned
City	X	X		X	X	X	Cash
County 1		X	X		X	X	(Unknown)
County 2	X	X	X	X	X	X	Premium reduction
County 3*	X	X	X	X	X	X	Premium reduction
County	X	X	X	X	X	X	HRA/HSA credits
Transit	Voluntary, passive through medical carrier						None
SHBP	X	X	X	X	X	X	HRA credits/ Incentive account

*County 3's program implemented 1/1/2016

Health Benefits—Wellness and Medical Management

Market Comparison

	County	Kaiser	Mercer
Wellness and Medical Management		Large Firms (200 or More Workers)	Industry: Government Region: South
Programs Offered			
Health Assessment	✓	50% offer or require a Health Assessment	Government: 85% South: 80%
Telephonic or web-based health/lifestyle coaching	✓	1,000 – 4,999 employees: 73% offer	Government: 77% South: 70%
Worksite biometric screening events	✓	1,000 – 4,999 employees: 56% offer	Government: 66% South: 55%
On-site exercise, yoga classes or weight loss programs	✓	1,000 – 4,999 employees: 67% offer programs to help employees lose weight	Government: 54% South: 44%
Disease Management	✓	1,000 – 4,999 employees: 83% offer	Government: 87% South: 85%
Offer an incentive/penalty program	✓	1,000 – 4,999 employees: 66% offer	Government: 60% South: 58%
Require employees to complete more than one action to earn the incentive	✓	Not Reported	Government: 20% South: 24%
Provide outcomes-based incentives	N/A	1,000-4,999 employees: 23% provide a reward for meeting biometric outcomes	Government: 22% South: 23%
Cash/Gift card	N/A	1,000 – 4,999 employees: 44% offer cash including contribution to an HRA/HSA or merchandise	Government: 23% South: 17%
Contribution to employee account	✓	1,000 – 4,999 employees: 56% offer cash, HRA or HSA contribution	Government: 10% South: 12%
Lower premium contributions	✓	1,000 – 4,999 employees: 51% offer lower premium contributions or lower cost-sharing	Government: 18% South: 19%
Lower deductible/copay/coinsurance / Other		1,000 – 4,999 employees: 17%	Government: 5% South: 2%

1. Kaiser industry and region breakouts not available.

Health Benefits—Wellness and Medical Management

Market Comparison

	County	Kaiser	Mercer
Wellness and Medical Management		Large Firms (200 or More Workers)	Industry: Government Region: South
Programs Offered			
Contribution to employee account	✓	1,000 – 4,999 employees: 56% offer cash, HRA or HSA contribution	Government: 10% South: 12%
Average Value of Health Assessment incentive (i.e. cash, lower premium or contribution to an account)	\$60 / month surcharge	Most prevalent is \$150 - \$500 (41% of employers)	Government: \$274 (\$23/mo) South: \$317 (\$26/mo)
Percentage of employers that vary employee premiums based on tobacco-use (i.e. surcharge)	✓	Not Reported	Government: 14% South: 32%
Median annual reduction in annual premium / annual cost of surcharge	\$60 / month surcharge	Not Reported	Government: Not Reported South: \$497 (\$41/mo)



1. Kaiser industry and region breakouts not available.
2. CPH incentives focus primarily on participatory wellness.
3. The majority of CPH incentives are available only to employees that participate in the PPO or HDHP plans.

Health Benefits—Wellness and Medical Management

Market Comparison – Wellness Program Case Studies

➤ Aramark –

- 25,000 Employees
 - Diverse employee base: FT/PT/Seasonal; Union and non-union; Management; Advanced degrees; Culinary professionals; Nutritionists
 - Geographically challenging with multiple locations
 - Developed wellness program for customers “Healthy For Life” but not focused internally
- Wellness Gap Assessment
- Take Care
 - ‘Water cooler’ approach vs upper management enticement
 - Wellness Champions
 - Peer to Peer challenges
 - Team based incentives

**2014 National Business Group on Health Best Employers for
Healthy Lifestyles® Award**

Health Benefits—Wellness and Medical Management

Market Comparison – Onsite Clinics

- City: Onsite Employee Wellness Center
 - Employee Fitness Center w/ Personal Trainers
 - Mobile Nurse Program with education, health assessments, screenings and medical consults
- County 1: HealthStat Clinic partnership
 - Acute and chronic care
 - Wellness education
 - Occupational health services to include, pre-employment physicals, drug testing, and initial treatment for on the job injuries
- County 2: Partnership with Hospital to expand into clinic services with HealthStat



Health Benefits—Wellness and Medical Management

HIPAA Requirement Recap

1. Annual Opportunity to Qualify for the Reward

2. Amount of Reward/Penalty

- ACA increased maximum to 30% of cost of employee coverage (up from 20%)
 - Based on total cost of employee-only coverage
 - However, based on cost of other coverage tiers if family members may participate
- For tobacco-use programs, reward cannot exceed 50%
- Must separately test:
 - If only offering tobacco-use program, may use entire 50%
 - If using other health standards, other standards limited to 30%, but tobacco use rewards may go up additional 20% (so total of 50%)
- All health-contingent incentives must be combined; total of all incentives cannot exceed the maximum

3. Reasonable Design

- Health-contingent wellness programs have to be reasonably designed to promote health or prevent disease Reasonable chance of improving health
- Not overly burdensome
- Not a subterfuge for discrimination

Health Benefits—Wellness and Medical Management

HIPAA Requirement Recap (continued)

4. Reasonable Alternative

- Whether program has a reasonable alternative will depend on facts and circumstances
- If reasonable alternative is an educational program, plan must make it available
- If reasonable alternative is diet program, plan must pay for membership or fees; plan is not required to pay for food
- Additional Requirements for Outcome-Based Programs
 - If standard is based on measurement, screening, or test relating to a health factor, such as answers to a questionnaire or a biometric screening, must make available a “different” means of qualifying for reward

5. Disclosure of Program and Alternative Standard

- *New Sample Language: “Your health plan is committed to helping you achieve your best health status. Rewards for participating in a wellness program are available to all employees. If you think you might be unable to meet a standard for a reward under this wellness program, you might qualify for an opportunity to earn the same reward by different means. Contact us at [insert number] and we will work with you (and, if you wish, with your doctor) to find a wellness program with the same reward that is right for you in light of your health status.”*

Health Benefits—Wellness and Medical Management

New Americans with Disabilities Act (ADA) Requirements

- Published in Federal Register on May 17, 2016
- Applies to any program that requests medical information (e.g., complete a health risk assessment questionnaire) or that involves medical exams or tests (e.g., take biometric screening tests)
 - Applies whether program is part of a group health plan or offered separately
- Key aspects of new final EEOC/ADA rule:
 - Must be “voluntary”
 - May only provide limited incentives
 - Must provide employees with a new notice
- New limits on incentives and new notice requirement apply to the plan year beginning on or after January 1, 2017
- More stringent than HIPAA/ACA wellness rules



Health Benefits—Wellness and Medical Management

New Americans with Disabilities Act (ADA) Requirements (continued)

Key Components for “Voluntary” Program

➤ The employer/plan cannot:

- Require employees to participate (i.e. be mandatory)
- Deny coverage under any of the employer’s group health plans when employee declines to participate
- Deny coverage under any of the benefit packages within a group health plan when employee declines to participate (i.e. gateway plans)
- Limit benefits under the group health plan except as allowed under new incentive limits
 - 30% of the **total** cost of self-only coverage
- Take adverse action or retaliate against, interfere with, coerce, intimidate or threaten employees who do not participate

➤ The employer/plan must:

- Provide employees with a detailed notice
 - EEOC issued sample notice that will need customization:
<https://www.eeoc.gov/laws/regulations/ada-wellness-notice.cfm>

Health Benefits—Wellness and Medical Management

New Americans with Disabilities Act (ADA) Requirements (continued)

Key Differences from HIPAA

- Some “participatory” programs will be subject to a new 30 percent limit
 - Any program that requests medical information or involves medical examinations/tests
 - **Example:** Incentive for asking employees to complete health risk assessment or take biometric screening tests is subject to a 30 percent limit under the EEOC/ADA rule
- Different approach to smoking cessation programs

Program Design	HIPAA/ACA	EEOC/ADA
Ask employees if they use tobacco products	50% limit	No limit
Use medical test (i.e. cotinine test) to determine if employees use tobacco	50% limit	30% limit

Wellness and Medical Management Programs

Emerging Trends and Practices

- Social networking opportunities including peer-to-peer support and group interactions and challenges
- Mobile apps for activity tracking or peer interaction
- Web-based portal with activity or incentive tracking
- Onsite and online organization fitness programs (i.e. yoga, Weight Watchers, etc.)
- Establishing measurements / monitoring metrics to develop a focus for a successful program



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Retiree Benefits

Current Program

- Historically, pre-Medicare retirees had same benefits as actives.
 - Kaiser HMO and Aetna CDH options are the same as for actives, but without the HRA/HSA contribution
 - Retirees pay higher portion of costs than actives:
 - 20%-45% for single
 - 12%-45% for family
- Medicare retirees covered in MA-PDPs (mandatory)
- County pays Medicare Part B late-enrollment penalties for small group of grand-fathered retirees. Retirees pay the basic Part B premium
- Medicare Advantage-Prescription Drug Plans (CIGNA/Humana and Kaiser)
 - Medicare eligible retirees must enroll in an MA-PDP
 - Most are in CIGNA/Humana – about 800 total members
 - County contributes approximately 55% of the full premium for CIGNA/Humana and 83% for Kaiser Single – the contribution for Kaiser family is 48%




Retiree Benefits

Local Practices

- Discount rates vary from 4.0% to 8.0%
- County 1 is the only other peer surveyed that have implemented limits/caps on the employer costs (Medicare retirees only)
- State, County 1, County 2 and County 3 have established different eligibility and/or contribution structures for recent hires
- Medicare Advantage plans and Part D Prescription Drug Plans
 - Implemented for State, City, County 2, County 3
 - County 1 participates in a Medicare Exchange
- SHBP pays Part-B penalties for retirees that were not initially required to enroll
 - City is still evaluating this option



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 - **Flexible Spending Accounts**
 - **Health Savings Accounts**
 - **Non-Traditional Benefits**
 7. Recommendations



Other Benefits—Flexible Spending Accounts

Peer and Market Comparison

	County	City	County 1	County 2	County 3	SHBP	Transit	Mercer
Account Provisions								
Maximum Annual Health Account Contribution	\$2,500	\$2,500	\$2,550	\$2,550	\$2,550	\$2,510	\$2,500	<ul style="list-style-type: none"> 82% of employers in the South offer FSAs 90% of government employers offer FSAs 88% of firms with between 1,000-4,999 employees offer FSAs
Maximum Annual Dependent Care Account Contribution	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$4,992	\$5,000	
Rollover	N/A	N/A	\$500	\$500	N/A	\$500	N/A	



1. Most employers allow employee contributions up to the IRS maximum, and have adopted the rollover provision, as it's easier to administer.
2. When FSAs are offered alongside a HDHP w/ HSA, these are limited scope accounts (only covering dental and vision).

Other Benefits—Health Savings Account

Market Comparison

	County	Local Peers	Kaiser	Mercer
Account Provisions				Industry: Government Region: South
Annual Employer contribution to HSA/HRA for wellness initiatives – Single/Family	Based on completion of wellness initiatives Employee: Up to \$750 Employee + Children: Up to \$750 Employee + Spouse: Up to \$1,500 Employee + Family: Up to \$1,500	HSA Contributions: Employee: \$100-\$750 Employee + Children: \$150 - \$1,500 Employee + Spouse: \$150 - \$1,500 Employee + Family: \$200 - \$1,500	\$809 (ee) \$1,412 (fam)	Government: \$500 (ee) \$1,000 (fam) South: \$972 (ee) \$1,750 (fam)
Percentage of Employers that contribute to HSA	Contributes to HSA w/ completion of wellness initiatives		Single: • 35% contribute \$400-\$799 • 28% contribute \$800-\$1,199 Family: • 48% contribute \$1-\$999 • 15% contribute \$1,000-\$1,499	Government: 82% South: 76%
Funding Schedule for Employers that contribute to HSA	Initial annual deposit and as points are earned (2 nd paycheck of month on monthly deposit basis)		Not Reported	Government: • Every paycheck: 14% • Fully pre-fund account: 29% South: • Every paycheck: 30% • Fully pre-fund account: 24%

1. Most employers that contribute towards an HSA align their contributions with single/family deductibles.
2. County's HSA contribution is comparable to market for single/family.

Other Benefits—Non-Traditional Benefits

Peer and Market Comparison

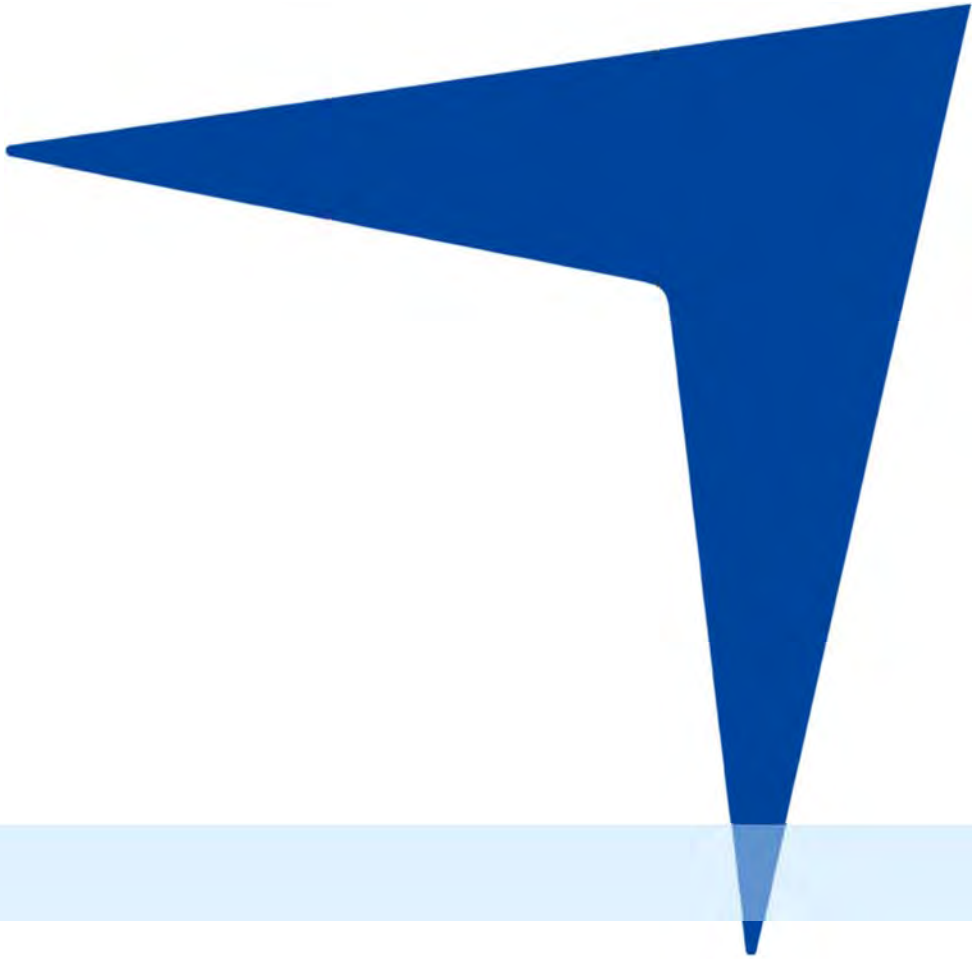
	County	Local Peers	Mercer
Non-Traditional Benefits			
Employee Assistance Plan	✓	✓	Government: 97% South: 87%
On-Site Child / Elder Care	Not Offered		Not Reported
Health Discount Programs	✓ Fitness Reimbursement		Not Reported
Identity Theft Protection	Will offer for 2017		
On-Site Clinic / Pharmacy	✓ Wellness Center	✓	Government: 28% South: 17%
On-Site Wellness	✓ Wellness Center / Education Biometric Screenings onsite Flu vaccines Stretching / Yoga Classes Weight-Watchers At Work	✓	Government: 60% South: 40%
Child / Elder Care Referral Services	✓ Part of EAP	✓ Part of EAP	Not Reported
Group Auto/Home	Not Offered		Government: 20% South: 32%
Long Term Care	✓ Rider to UL	✓ One peer offers LTC as rider to Whole Life	Government: 10% South: 16%
Group Legal	✓ (through EAP)		Not Reported
Pet Insurance	Not Offered		Not Reported
Adoption Assistance	✓ (through EAP)		Not Reported
Concierge Services	Not Offered		Not Reported
On-Site Fitness Center	✓ Considering Physical Therapy	✓	Not Reported
Commuter Benefits	Not Offered	✓	Not Reported
Identity Theft	Considering		Not Reported

Transportation Spending/Commuter Reimbursement Account = County 3: Employees can contribute up to \$130/mo; County 2 – Employees can contribute up to \$130/mo

Other Benefits—Non-Traditional Benefits

Peer and Market Comparison (Voluntary)

	County	City	County 1	County 2	County 3	Transit	SHBP	Nationally Industry: Government Region: South
Accident	X	X	X	X	X			Government: 57% South: 60%
Critical Illness	X	X	X	X	X	X	X	Government: 56% South: 52%
Hospital Indemnity	X		X					Government: 30% South: 25%
Group Universal Life	X							Government: 59% South: 42%
Whole Life with Long Term Care			X					Government: 59% South: 42%
Long Term Care							X	Government: 35% South: 30%

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Strategic Considerations

Recommendations

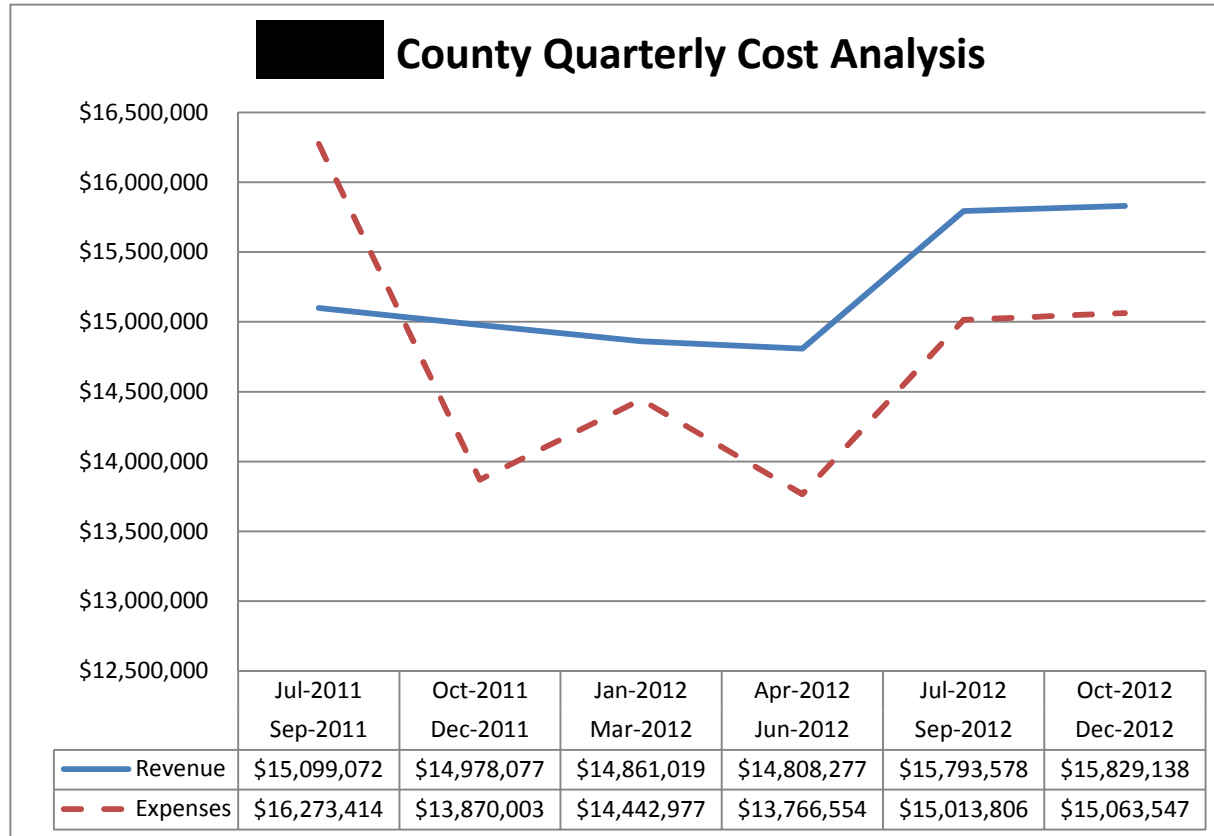
- Eliminate Hospital Indemnity with Kaiser enrollment
 - Typically added at initial plan year, then discontinued
- Opportunities exist for implementation of emerging service delivery models – telemedicine, ACOs, tiered networks, etc.
- Develop strategy for centralized data warehousing and analytics
 - Measure ROI and impact of health management programs
- Consider including pre-Medicare retirees in Disease Management program (even if optional)
- Promote Long Term Care as Voluntary Benefits offering
 - Watch marketplace for resurgence of vendors
- Align Retiree Family contributions to Single %
- Execute HIPAA Wellness Audit
- Monitor Excise Tax



Questions and Comments



A. Overview



Notes:

1. Revenue is based on total rate (County and Employee Budgeted Rates) times enrollment
2. Expense includes medical and pharmacy paid claims along with CIGNA administrative expense
3. Large claims exceeding \$25K were \$1.6 million more during the 7/1/2011 - 9/30/2011 quarter, compared to the following quarter 10/1/2011 - 12/31/2011
4. Benefit changes were implemented on 8/1/2011 and 1/1/2012
5. A 7% rate increase was effective on 7/1/2012

B. Summary by Plan

County Quarterly Cost Analysis July 2011 - December 2012

	Q3 Jul-2011 Sep-2011	Q4 Oct-2011 Dec-2011	Q1 Jan-2012 Mar-2012	Q2 Apr-2012 Jun-2012	YTD Jul-2011 Jun-2012	Q3 Jul-2012 Sep-2012	Q4 Oct-2012 Dec-2012	YTD Jul-2012 Dec-2012
Revenue *								
Actives								
OAPIN	\$11,406,278	\$11,353,520	\$11,292,619	\$11,202,398	\$45,254,815	\$11,943,164	\$12,006,708	\$23,949,872
OAP	\$750,840	\$740,896	\$706,144	\$697,224	\$2,895,104	\$746,238	\$744,223	\$1,490,461
HRA	\$176,500	\$174,491	\$163,404	\$163,404	\$677,799	\$175,860	\$182,862	\$358,722
Retirees								
OAPIN	\$1,931,285	\$1,914,469	\$1,948,146	\$2,002,828	\$7,796,728	\$2,174,806	\$2,160,390	\$4,335,196
OAP	\$834,169	\$794,701	\$750,706	\$742,423	\$3,121,999	\$753,510	\$734,955	\$1,488,465
Total	\$15,099,072	\$14,978,077	\$14,861,019	\$14,808,277	\$59,746,445	\$15,793,578	\$15,829,138	\$31,622,716
Total Expense**								
Actives								
OAPIN	\$12,410,424	\$10,036,546	\$10,771,511	\$10,612,979	\$43,831,461	\$11,005,864	\$11,225,445	\$22,231,309
OAP	\$1,285,257	\$887,063	\$771,770	\$807,893	\$3,751,984	\$1,063,474	\$937,192	\$2,000,666
HRA	\$99,729	\$140,358	\$121,750	\$109,516	\$471,353	\$101,658	\$158,684	\$260,342
Retirees								
OAPIN	\$1,675,666	\$1,816,833	\$1,845,497	\$1,546,901	\$6,884,898	\$1,977,763	\$2,076,838	\$4,054,601
OAP	\$802,337	\$989,203	\$932,449	\$689,264	\$3,413,252	\$865,047	\$665,388	\$1,530,435
Total	\$16,273,414	\$13,870,003	\$14,442,977	\$13,766,554	\$58,352,947	\$15,013,806	\$15,063,547	\$30,077,354
Surplus / (Deficit)***								
Actives								
OAPIN	(\$1,004,146)	\$1,316,974	\$521,108	\$589,419	\$1,423,354	\$937,300	\$781,263	\$1,718,563
OAP	(\$534,417)	(\$146,167)	(\$65,626)	(\$110,669)	(\$856,880)	(\$317,236)	(\$192,969)	(\$510,205)
HRA	\$76,771	\$34,133	\$41,654	\$53,888	\$206,446	\$74,202	\$24,178	\$98,380
Retirees								
OAPIN	\$255,619	\$97,636	\$102,649	\$455,927	\$911,830	\$197,043	\$83,552	\$280,595
OAP	\$31,832	(\$194,502)	(\$181,743)	\$53,159	(\$291,253)	(\$111,537)	\$69,567	(\$41,970)
Total	(\$1,174,342)	\$1,108,074	\$418,042	\$1,041,723	\$1,393,498	\$779,772	\$765,591	\$1,545,362
Surplus/Deficit as Percentage of Revenue								
Actives								
OAPIN	-8.80%	11.60%	4.61%	5.26%	3.15%	7.85%	6.51%	7.18%
OAP	-71.18%	-19.73%	-9.29%	-15.87%	-29.60%	-42.51%	-25.93%	-34.23%
HRA	43.50%	19.56%	25.49%	32.98%	30.46%	42.19%	13.22%	27.43%
Retirees								
OAPIN	13.24%	5.10%	5.27%	22.76%	11.70%	9.06%	3.87%	6.47%
OAP	3.82%	-24.47%	-24.21%	7.16%	-9.33%	-14.80%	9.47%	-2.82%
Total	-7.78%	7.40%	2.81%	7.03%	2.33%	4.94%	4.84%	4.89%

* Revenue based on rate times enrollment

** Expense includes medical and pharmacy paid claims along with administrative expenses

*** Surplus/Deficit calculated as revenue less expenses

C. Detail by Plan

██████████ County
Quarterly Cost Analysis
July 2011 - December 2012

Source / Comment		Q3 Jul-2011 Sep-2011	Q4 Oct-2011 Dec-2011	Q1 Jan-2012 Mar-2012	Q2 Apr-2012 Jun-2012	YTD Jul-2011 Jun-2012	Q3 Jul-2012 Sep-2012	Q4 Oct-2012 Dec-2012	YTD Jul-2012 Dec-2012
Rates									
Actives									
OAPIN									
Single		\$505.00	\$505.00	\$505.00	\$505.00	\$505.00	\$540.00	\$540.00	\$540.00
Family		\$1,036.00	\$1,036.00	\$1,036.00	\$1,036.00	\$1,036.00	\$1,108.00	\$1,108.00	\$1,108.00
OAP									
Single		\$538.00	\$538.00	\$538.00	\$538.00	\$538.00	\$575.00	\$575.00	\$575.00
Family		\$1,102.00	\$1,102.00	\$1,102.00	\$1,102.00	\$1,102.00	\$1,179.00	\$1,179.00	\$1,179.00
HRA									
Single		\$496.00	\$496.00	\$496.00	\$496.00	\$496.00	\$530.00	\$530.00	\$530.00
Family		\$1,017.00	\$1,017.00	\$1,017.00	\$1,017.00	\$1,017.00	\$1,088.00	\$1,088.00	\$1,088.00
Retirees									
OAPIN									
Single		\$842.00	\$842.00	\$842.00	\$842.00	\$842.00	\$901.00	\$901.00	\$901.00
Family		\$1,681.00	\$1,681.00	\$1,681.00	\$1,681.00	\$1,681.00	\$1,799.00	\$1,799.00	\$1,799.00
OAP									
Single		\$883.00	\$883.00	\$883.00	\$883.00	\$883.00	\$945.00	\$945.00	\$945.00
Family		\$1,822.00	\$1,822.00	\$1,822.00	\$1,822.00	\$1,822.00	\$1,950.00	\$1,950.00	\$1,950.00
Total									
Enrollment									
Actives									
OAPIN									
Single	CIGNA	6,302	6,296	6,239	6,206	6,261	6,250	6,341	6,296
Family	CIGNA	7,938	7,890	7,859	7,788	7,869	7,733	7,746	7,740
OAP									
Single	CIGNA	310	312	315	323	315	330	347	339
Family	CIGNA	530	520	487	475	503	472	462	467
HRA (Includes Retirees with HRA Option)									
Single	CIGNA	118	116	108	108	113	106	111	109
Family	CIGNA	116	115	108	108	112	110	114	112
Retirees									
OAPIN									
Single	CIGNA	998	994	1,032	1,065	1,022	1,076	1,060	1,068
Family	CIGNA	649	641	642	658	648	670	670	670
OAP									
Single	CIGNA	499	477	454	457	472	428	429	429
Family	CIGNA	216	205	192	186	200	179	169	174
Total		17,676	17,566	17,436	17,374	17,513	17,354	17,449	17,402
Revenue									
Actives									
OAPIN	Revenue based on rate times enrollment	\$11,406,278	\$11,353,520	\$11,292,619	\$11,202,398	\$45,254,815	\$11,943,164	\$12,006,708	\$23,949,872
OAP	Revenue based on rate times enrollment	\$750,840	\$740,896	\$706,144	\$697,224	\$2,895,104	\$746,238	\$744,223	\$1,490,461
HRA	Revenue based on rate times enrollment	\$176,500	\$174,491	\$163,404	\$163,404	\$677,799	\$175,860	\$182,862	\$358,722
Retirees									
OAPIN	Revenue based on rate times enrollment	\$1,931,285	\$1,914,469	\$1,948,146	\$2,002,828	\$7,796,728	\$2,174,806	\$2,160,390	\$4,335,196
OAP	Revenue based on rate times enrollment	\$834,169	\$794,701	\$750,706	\$742,423	\$3,121,999	\$753,510	\$734,955	\$1,488,465
Total		\$15,099,072	\$14,978,077	\$14,861,019	\$14,808,277	\$59,746,445	\$15,793,578	\$15,829,138	\$31,622,716
Medical Claims									
Actives									
OAPIN	CIGNA	\$9,736,108	\$7,321,639	\$7,995,960	\$8,062,130	\$33,115,838	\$8,616,672	\$8,760,317	\$17,376,988
OAP	CIGNA	\$1,084,299	\$658,236	\$586,637	\$609,896	\$2,939,068	\$866,145	\$750,301	\$1,616,445
HRA	CIGNA	\$74,531	\$111,406	\$108,421	\$93,111	\$387,469	\$80,505	\$128,474	\$208,979
Retirees									
OAPIN	CIGNA	\$1,195,621	\$1,337,365	\$1,339,674	\$1,086,594	\$4,959,255	\$1,471,569	\$1,582,836	\$3,054,405
OAP	CIGNA	\$412,888	\$532,138	\$561,704	\$369,052	\$1,875,782	\$464,974	\$397,069	\$862,044
Total		\$12,503,447	\$9,960,785	\$10,592,396	\$10,220,784	\$43,277,412	\$11,499,865	\$11,618,997	\$23,118,862
Rx Claims (Includes Rx rebates)									
Actives									
OAPIN	ESI/Medco	\$2,104,716	\$2,147,467	\$2,194,713	\$1,974,296	\$8,421,192	\$1,813,093	\$1,884,744	\$3,697,837
OAP	ESI/Medco	\$167,358	\$195,547	\$152,091	\$165,120	\$680,116	\$164,287	\$153,561	\$317,848
HRA	CIGNA	\$14,254	\$18,148	\$2,924	\$6,000	\$41,326	\$10,748	\$19,371	\$30,120
Retirees									
OAPIN	ESI/Medco	\$414,165	\$414,068	\$436,854	\$389,319	\$1,654,407	\$434,259	\$422,726	\$856,985
OAP	ESI/Medco	\$360,849	\$429,784	\$344,129	\$293,720	\$1,428,483	\$375,064	\$243,682	\$618,746
Total		\$3,061,343	\$3,205,014	\$3,130,712	\$2,828,455	\$12,225,525	\$2,797,451	\$2,724,083	\$5,521,535
Total Claims									
Actives									
OAPIN	Rx+ Medical	\$11,840,824	\$9,469,106	\$10,190,674	\$10,036,426	\$41,537,030	\$10,429,765	\$10,645,060	\$21,074,825
OAP		\$1,251,657	\$853,783	\$738,728	\$775,016	\$3,619,184	\$1,030,432	\$903,861	\$1,934,293
HRA		\$88,785	\$129,554	\$111,345	\$99,111	\$428,795	\$91,253	\$147,846	\$239,099
Retirees									
OAPIN		\$1,609,786	\$1,751,433	\$1,776,529	\$1,475,914	\$6,613,661	\$1,905,828	\$2,005,562	\$3,911,390
OAP		\$773,737	\$961,923	\$905,833	\$662,772	\$3,304,265	\$840,039	\$640,751	\$1,480,789
Total		\$15,564,790	\$13,165,799	\$13,723,108	\$13,049,239	\$55,502,936	\$14,297,316	\$14,343,080	\$28,640,396
Administration Expense									
Actives									
OAPIN	Cigna admin expense based on rate times enrollment	\$569,600	\$567,440	\$580,838	\$576,553	\$2,294,430	\$576,100	\$580,384	\$1,156,484
OAP	Cigna admin expense based on rate times enrollment	\$33,600	\$33,280	\$33,042	\$32,878	\$132,800	\$33,042	\$33,331	\$66,373
HRA	Cigna admin expense based on rate times enrollment	\$10,944	\$10,804	\$10,405	\$10,405	\$42,557	\$10,405	\$10,838	\$21,243
Retirees									
OAPIN	Cigna admin expense based on rate times enrollment	\$65,880	\$65,400	\$68,969	\$70,988	\$271,236	\$71,935	\$71,276	\$143,211
OAP	Cigna admin expense based on rate times enrollment	\$28,600	\$27,280	\$26,615	\$26,492	\$108,987	\$25,008	\$24,638	\$49,646
Total		\$708,624	\$704,204	\$719,869	\$717,314	\$2,850,011	\$716,490	\$720,467	\$1,436,957
Total Expense									
Actives									
OAPIN	Claims + Adm. Expenses	\$12,410,424	\$10,036,546	\$10,771,511	\$10,612,979	\$43,831,461	\$11,005,864	\$11,225,445	\$22,231,309
OAP	Claims + Adm. Expenses	\$1,285,257	\$887,063	\$771,770	\$807,893	\$3,751,984	\$1,063,474	\$937,192	\$2,000,666
HRA	Claims + Adm. Expenses	\$99,729	\$140,358	\$121,750	\$109,516	\$471,353	\$101,658	\$158,684	\$260,342
Retirees									
OAPIN	Claims + Adm. Expenses	\$1,675,666	\$1,816,833	\$1,845,497	\$1,546,901	\$6,884,898	\$1,977,763	\$2,076,838	\$4,054,601
OAP	Claims + Adm. Expenses	\$802,337	\$989,203	\$932,449	\$689,264	\$3,413,252	\$865,047	\$665,388	\$1,530,435
Total		\$16,273,414	\$13,870,003	\$14,442,977	\$13,766,554	\$58,352,947	\$15,013,806	\$15,063,547	\$30,077,354
Surplus / (Deficit)									
Actives									
OAPIN	Total revenue - Total expenses	(\$1,004,146)	\$1,316,974	\$521,108	\$589,419	\$1,423,354	\$937,300	\$781,263	\$1,718,563
OAP	Total revenue - Total expenses	(\$534,417)	(\$146,167)	(\$65,626)	(\$110,669)	(\$856,880)	(\$317,236)	(\$192,969)	(\$510,205)
HRA	Total revenue - Total expenses	\$76,771	\$34,133	\$41,654	\$53,888	\$206,446	\$74,202	\$24,178	\$98,380
Retirees									
OAPIN	Total revenue - Total expenses	\$255,619	\$97,636	\$102,649	\$455,927	\$911,830	\$197,043	\$83,552	\$280,595
OAP	Total revenue - Total expenses	\$31,832	(\$194,502)	(\$181,743)	\$53,159	(\$291,253)	(\$111,537)	\$69,567	(\$41,970)
Total		(\$1,174,342)	\$1,108,074	\$418,042	\$1,041,723	\$1,393,498	\$779,772	\$765,591	\$1,545,362
Surplus/Deficit as Percentage of Revenue									
Actives									
OAPIN	Total expenses - Total revenue	-8.80%	11.60%	4.61%	5.26%	3.15%	7.85%	6.51%	7.18%
OAP	Total expenses - Total revenue	-71.18%	-19.73%	-9.29%	-15.87%	-29.60%	-42.51%	-25.93%	-34.23%
HRA	Total expenses - Total revenue	43.50%	19.56%	25.49%	32.98%	30.46%	42.19%	13.22%	27.43%
Retirees									
OAPIN	Total expenses - Total revenue	13.24%	5.10%	5.27%	22.76%	11.70%	9.06%	3.87%	6.47%
OAP	Total expenses - Total revenue	3.82%	-24.47%	-24.21%	7.16%	-9.33%	-14.80%	9.47%	-2.82%
Total		-7.78%	7.40%	2.81%	7.03%	2.33%	4.94%	4.84%	4.89%

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Total Compensation Study

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Background

The Client engaged Segal Waters Consulting to evaluate the competitiveness of total compensation. The primary objective of the study was to determine the City's market position for pay compared to employers in both public and private sectors, as well as health and retirement benefits compared to employers in the public sector. Our total compensation analysis compares the employer cost of base pay and benefits to that of the City's peer employers.

The City's labor market includes:

Benchmark Organization	Market Sector
Peer Employer 1	National
Peer Employer 2	National
Peer Employer 3	Local/Regional and National
Peer Employer 4	Local/Regional
Peer Employer 5	Local/Regional
Peer Employer 6	National
Peer Employer 7	Local/Regional and National
Peer Employer 8	Local/Regional
Peer Employer 9	National
Peer Employer 10	Local/Regional
Peer Employer 11	Local/Regional
Peer Employer 12	Local/Regional
Peer Employer 13	Local/Regional
Peer Employer 14	Local/Regional
Peer Employer 15	National
Peer Employer 16	Local/Regional
Peer Employer 17	National
Peer Employer 18	National
Peer Employer 19	Local/Regional
Peer Employer 20	Local/Regional
Private Sector (Published Survey Data)	
Economic Research Institute Salary Assessor	National
Mercer Surveys	National/Regional
Towers Watson Surveys	National/Regional

Appendix A contains the Total Compensation Survey document. **Appendix B** shows the detailed market minimum, midpoint, and maximum data compared to the City for each benchmark and is sorted alphabetically by job title.

Summary of Findings

Pay Ranges

The total compensation survey included 94 benchmark jobs. Across all benchmark jobs, the City's average pay range midpoint is competitive, as shown in **Tables 1A and 1B**. However, the range maximum for Public Safety positions is lagging the market average. Appendix B provides detailed range comparisons by benchmark position.

We define market competitiveness to be within 95% to 105% of the market average. Benchmark jobs that fall within this market competitive corridor are indicated in **black**, jobs below 95% are indicated in **red**, and jobs above 105% are indicated in **blue**.

TABLE 1A
CLIENT OVERALL PAY RANGE
MARKET POSITION—GENERAL POSITIONS

Market Sector	Client General Pay Ranges as a Percent of the Market Average		
	Pay Range Minimum	Pay Range Midpoint	Pay Range Maximum
Public Sector	98%	102%	105%
Private Sector	96%	104%	109%
Overall	99%	104%	108%

TABLE 1B
CLIENT OVERALL PAY RANGE
MARKET POSITION PUBLIC SAFETY POSITIONS

Market Sector	Client Public Safety Pay Ranges as a Percent of the Market Average		
	Pay Range Minimum	Pay Range Midpoint	Pay Range Maximum
Fire	101%	92%	86%
Police	115%	102%	93%
Overall	108%	97%	90%

Naturally, we did find variation in the competitiveness of individual benchmark job titles, as shown in **Table 8**. At the midpoint of the pay range, market competitiveness for individual benchmarks ranges from 83% to 138% of the overall market average (custom and published). Specifically:

- 19 benchmark job titles are below market (less than 95% at the midpoint)
- 36 benchmark job titles are at market (between 95% and 105% at the midpoint)

- 34 benchmark job titles are above market (greater than 105% at the midpoint)
- 4 benchmark positions did not have at least 3 peer matches required for analysis.
- 1 benchmark job title, City Clerk, does not have a pay range, so no midpoint comparison could be made.

Pay Practices

The survey included questions related to the following pay policies and practices:

- Pay structure design (whether pay plans are grade and step or open ranges)
- How employees progress through the pay range (longevity or individual performance)
- Pay supplements offered to employees (shift differential, on-call, call-in/call-back, holiday, special assignment, hazardous material pay, emergency response team pay)
- Performance-based rewards for employees
- Certification or license pay

Pay practice findings from the nineteen (19) organizations that completed the pay practices section of the survey are provided in **Tables 10-14**.

Pay Structure Design

- **General Positions:** Like the City, the majority of peer employers have open range pay schedules for general positions, while only five (5) peer employers have grade and step structures.
- **Fire Positions:** Like the City, most peer employers (10 of 19) have grade and step plans for sworn Fire positions.
- **Police Positions:** Like the City, most peer employers (12 of 19) have grade and step plans for sworn Police positions.

Pay Progression

- **General Positions:** The City uses career plan progressions (progressions based on years of service and qualifications) to determine employee pay progression. Only five (5) of the peer organizations use career plan progressions to move employees through the pay range. The majority (13 out of 19) of peer organizations move employees through pay ranges based on individual performance. Three (3) peers use only longevity, while one (1) peer reported using individual performance and longevity to determine pay progressions.
- **Fire Positions:** Like the City, 7 of 19 peer employers use individual performance to move employees through the Fire pay structure; four (4) peer employers use a combination of

longevity, individual performance and/or career plan progressions; one (1) uses both individual performance and career plan progressions; and one (1) uses longevity only.

- **Police Positions:** The City uses career plan progressions (progressions based on years of service and qualifications) to determine how some employees move through the Police pay structure, unlike most (14 of 19) peer employers who use individual performance. Of the fourteen (14) peer employers who use individual performance, two (2) combine that method with longevity and three (3) combine that method with career plan progressions. One (1) employer uses career plan progressions only, and one (1) combines career plan progressions and longevity.

Based on the prevalent use of individual performance to progress employees through pay ranges, we recommend the City consider funding a pay for performance system to recognize and reward top performers.

Performance-Based Rewards for Employees

- **General Positions:** Individual base pay increases are the most common performance-based reward. Most of peer employers (14 of 19) offer some form of performance-based rewards, while the City does not. Six (6) peer employers also offer individual lump sum bonuses.
- **Fire Positions:** Most (10 of 19) peer employers provide individual performance based pay increases or lump sum bonuses.
- **Police Positions:** Most (12 of 19) peer employers provide individual performance based pay increases or lump sum bonuses.

Type of Pay Supplements Offered to Employees

- **General Positions::**
 - **Shift Differentials:** The city does not offer shift differentials. Three (3) peers offer evening shift differentials, two (2) offer overnight shift differentials, and none offer weekend differentials.
 - **On-call Pay:** Like the City, most (10 of 19) peer employers offer on-call pay.
 - **Call Back Pay:** Like the City, most (10 of 19) peer employers offer and call back pay.
 - **Holiday Pay:** Nine (9) peer employers offer holiday pay to employees, as does the City.
 - **Special Assignment Pay:** The City does not offer special assignment pay, and only two (2) peer employers offer this pay supplement.
 - **Hazardous Material Pay:** Like the City, no peer organizations offer hazardous material pay to employees.
 - **Emergency Response Pay:** Like the City, no peer organizations offer emergency response pay to employees.
 - **Longevity Pay:** The City does not offer longevity pay. Four (4) peers offer longevity pay, three (3) starting at the fifth year of service and one (1) starting at the fourth year of service.

➤ **Fire Positions:**

- **Shift Differentials:** The City does not offer shift differential pay. Only one (1) peer employer offers shift differential pay, and only for the evening shift.
- **On-call Pay:** The City does not offer on-call pay to employees. One (1) peer employer offers on-call pay.
- **Call Back Pay:** The City does not offer call back pay to employees. Only three (3) peer employers offer call-back pay.
- **Holiday Pay:** Two (2) peers offer holiday pay to employees, as does the City.
- **Special Assignment Pay:** The City does not offer special assignment pay, and only two (2) peers offer this pay supplement.
- **Hazardous Material Pay:** Only three (3) peer organizations offer hazardous material pay. The City does not offer this pay supplement.
- **Emergency Response Pay:** The City does not offer emergency response pay, and only two (2) peer employers do offer this pay supplement.
- **Longevity Pay:** The City does not offer longevity pay. Five (5) peers offer longevity pay, two (2) starting at the fifth year of service, one (1) starting at the fourth year of service, and two (2) starting at the first year of service.

➤ **Police Positions:**

- **Shift Differentials:** The City does not offer shift differentials. Only one (1) peer employer offers shift differential pay, and only for the overnight shift.
- **On-call Pay:** The City does not offer on-call pay to employees. Two (2) peer employers offer on-call pay.
- **Call Back Pay:** The City does not offer call back pay to employees. Only five (5) peer employers offer call-back pay.
- **Holiday Pay:** Five (5) peers offer holiday pay to employees, as does the City.
- **Special Assignment Pay:** The City does not offer special assignment pay, and only four (4) peers offer this pay supplement..
- **Hazardous Material Pay:** One (1) peer organization offer hazardous material pay. The City does not offer this pay supplement.
- **Emergency Response Pay:** The City does not offer emergency response pay, and only one (1) peer employers do offer this pay supplement.
- **Longevity Pay:** The City does not offer longevity pay. Four (4) peers employers offer longevity pay, two (2) starting at the fifth year of service, one (1) starting at the fourth year of service, and one (2) starting at the first year of service.

Health Benefits—All Employee Groups

The survey asked about health and wellness benefits offered to employees. If peers have more than one of any type of plan (e.g. two PPO plans), we asked them to provide information for the most populous plan of that type.

Specifically, the survey collected employer and employee monthly cost and cost-sharing premiums for the following:

- Preferred Provider Organizations (PPOs) or Point of Service Plans (POS), HMO or EPO Plans, and HDHP or CDHP plans.
- Prescription Drug Plan
- Dental Plan
- Vision Plan
- Basic Life Insurance Plan
- Long Term Disability
- Short Term Disability
- Wellness Activities

Tables 15-20 show medical, dental, life, and vision costs and cost-sharing information for full-time employees.

Employee Health Benefits

The City offers a PPO plan to employees. Like the City, fourteen (14) peer employers offer a PPO/POS medical plan.

Table 2 shows the City and custom survey market average employer and employee cost sharing for health plan premiums (medical, dental and vision benefits).

TABLE 2
SUMMARY OF TOTAL HEALTH COST SHARING

Data Source	Employer Cost-Sharing (%)				Employee Cost-Sharing (%)			
	EE Only	EE + Children	EE + Spouse	Family	EE Only	EE + Children	EE + Spouse	Family
Custom Survey Market Average	87%	71%	67%	66%	13%	29%	33%	34%
Client	94%	80%	78%	74%	6%	20%	22%	26%

The City's PPO/POS medical plan cost-sharing percentage is more generous than the custom survey market average for all coverage tiers. The City may want to consider increasing the employee cost-sharing percentage for health coverage to reduce overall expenses unless the City's benefits philosophy is to lead its peer competitors.

Life Insurance

Like all peer employers, the City pays the full cost of employee life insurance coverage.

Long-term Disability and Short-term Disability

The City also provides employer-paid long-term disability to those employees who are not yet vested in the Local Government Retirement System, as do the majority of peer employers. The City does not offer short-term disability to employees. Eleven (11) peers provide long-term disability and fourteen (14) provide short-term disability.

Wellness Programs

Neither the City nor the majority of peer employers provide reimbursements for wellness activities, however, the City does provide a premium discount for employees who participate in wellness activities. Only five (5) of the peer employers provide reimbursements for activities ranging from tobacco cessation programs to gym memberships. However, like the City, nine (9) peer employers offer lower employee medical contributions for employees who participate in wellness programs.

Pension and Retirement Plans

The survey collected retirement benefit information on the following:

- Defined Benefit (DB) retirement plan contributions
- Defined Contribution (DC) 401(a) and 401(k) retirement plan contributions
- Deferred Compensation 457(b) retirement plan contributions

The City offers a Defined Benefit retirement plan and a Defined Contribution retirement plan. Detailed retirement benefit information is provided in **Tables 21-23**.

Defined Benefit Retirement Plan

- **General Positions:** The majority of peers (18 of 19 peers) participate in a DB plan. The City's DB plan contributions for general employees are slightly lower than the market average (7.07% of base pay compared to the market average contribution of 7.66%). When compared only to other local government organizations in the State, the City's DB plan contributions are equal to the market average. Differences in the contribution rate as a percent of pay may be due to differences in workforce demographics, plan design, and level of unfunded liabilities.
- **Fire Positions:** Eleven (11) of the thirteen (13) local/regional peer employers surveyed for Public Safety positions have Fire departments, and all participate in a DB plan. The City's DB

plan contributions for Fire employees are slightly lower than the market average (7.07% of base pay compared to the market average contribution of 8.32%). When compared only to organizations in the State, the City's DB plan contributions are slightly lower than market average (7.07% of base pay compared to the market average of 7.73%).

- **Police Positions:** Twelve (12) of the thirteen (13) local/regional peer employers surveyed for Public Safety positions have Police departments, and all participate in a DB plan. The City's DB plan contributions for Police employees are lower than the market average (7.41% of base pay compared to the market average contribution of 10.79%). When compared only to local government organizations in the State, the City's DB plan contributions are equal to the market average of 7.41%.

Defined Contribution and Deferred Compensation Retirement Plans

- **General Positions:** The majority of peer employers (10 of 19) do not offer a 401(k) or DC retirement plan. The average employer contribution of the nine (9) peers that provide DC plans is 5.16%, which is slightly higher than the City's contribution of 5.0%. Neither the City nor any of the peer employers contribute to a 457(b) plan.
- **Fire Positions:** The majority of local/regional peer employers (8 of 13) do not offer a 401(k) or 401(a) DC retirement plan. The average employer contribution of the five (5) peers that provide DC plans is 4.9%, which is slightly lower than the City's contribution of 5.0%. Four peer employers offer a match to employee contributions to a defined contribution plan, and the market average match is 3.0%, compared to the City's match of 2.0%. Two (2) peer employers contribute to 457(b) plans.
- **Police Positions:** The majority of local/regional peer employers (8 of 13) do not offer a 401(k) or 401(a) DC retirement plan. The average employer contribution of the seven (7) peers that provide DC plans is 5.36%, which is slightly higher than the City's contribution of 5.0%. Two peer employers offer a match to employee contributions to a defined contribution plan, and the market average match is 3.0. One (1) peer employers contribute to a 457(b) plan.
- **Total Compensation**

When we aggregated annual cash compensation, average health plan costs, and contributions to retirement programs, we found that the Client is competitive overall. Detail total compensation information for benchmarked positions were provided to the City in separate General, Fire and Police reports.

The summary in **Table 3**, shows total compensation costs are market competitive for all three employee groups.

TABLE 3
CLIENT OVERALL TOTAL COMPENSATION MARKET POSITION

	City Midpoint as % of Overall Market Average	City as of % Market Annual Employer Cost of Benefits		City as of % Total Compensation Costs
		Weighted Total Health Cost	Total Retirement Benefits	
General Positions Average	104%	88%	108%	102%
Fire Positions Average	92%	88%	102%	95%
Police Positions Average	102%	88%	86%	98%

Figures shown in **red** are below market (less than 95% of the market average)

Figures shown in **black** within the market range (95% to 105% of the market average)

Figures shown in **blue** are above market (more than 105% of the market average)

Methodology

Data Sources

In collaboration with the Client, Segal developed a list of twenty (20) peer employers. Data was collected from the peer employers, as shown in **Table 4**.

TABLE 4
SURVEYED EMPLOYERS

Peer Employers	Responded to Survey				
	Compensation	Pay Policies	Paid Leave	Health Benefits	Retirement Benefits
Peer Employer 1	✓				
Peer Employer 2	✓	✓	✓	✓	✓
Peer Employer 3	✓	✓	✓	✓	✓
Peer Employer 4	✓	✓	✓	✓	✓
Peer Employer 5	✓	✓	✓	✓	✓
Peer Employer 6	✓	✓	✓	✓	✓
Peer Employer 7	✓	✓	✓	✓	✓
Peer Employer 8	✓	✓	✓	✓	✓
Peer Employer 9	✓	✓	✓	✓	✓
Peer Employer 10	✓	✓	✓	✓	✓
Peer Employer 11	✓	✓	✓	✓	✓
Peer Employer 12	✓	✓	✓	✓	✓
Peer Employer 13	✓	✓	✓	✓	✓
Peer Employer 14	✓	✓	✓	✓	✓
Peer Employer 15	✓				
Peer Employer 16	✓	✓	✓	✓	✓
Peer Employer 17	✓	✓	✓	✓	✓
Peer Employer 18	✓	✓	✓	✓	✓
Peer Employer 19	✓	✓	✓	✓	✓
Peer Employer 20	✓	✓	✓	✓	✓

✓ - Responded to the survey

Public Sector Peer Employers

Table 5 shows the organizational characteristics of the peer employers.

TABLE 5
ORGANIZATIONAL CHARACTERISTICS OF PEER EMPLOYERS

Peer Employers	Current Fiscal Year Operating Budget (in millions of dollars)	Number of Full-Time Positions
Peer Employer 1	\$83	742
Peer Employer 2	\$269	1,157
Peer Employer 3	\$368	No Response
Peer Employer 4	\$210	1,207
Peer Employer 5	\$99	680
Peer Employer 6	\$455	1,720
Peer Employer 7	\$1,960	6,728
Peer Employer 8	\$213	897
Peer Employer 9	\$442	No Response
Peer Employer 10	\$199	934
Peer Employer 11	\$473	2,961
Peer Employer 12	\$75	919
Peer Employer 13	\$83	654
Peer Employer 14	\$387	1,526
Peer Employer 15	\$301	No Response
Peer Employer 16	\$15	147
Peer Employer 17	\$754	3,700
Peer Employer 18	\$417	1,632
Peer Employer 19	\$91	998
Peer Employer 20	\$305	2,305
Average	\$360	1,700
Client	\$148	1,092

Published Data Sources

Economic Research Institute

The ERI Salary Assessor compiles pay data from hundreds of published data sources for thousands of job titles. The database is updated quarterly and can be provided for nearly any geographic area in the U.S. The information in this report reflects January 2015 cash compensation data at the 25th, 50th, and 75th percentiles applicable to data sources and organizations within a 25-mile radius around Client.

Mercer

The 2014 Mercer Compensation Survey Report compiles pay data from over 3,000 organizations across a variety of industries throughout the United States. The information in this report reflects compensation data for all for-profit responding organizations.

Towers Watson Data Services

We compiled pay data from Towers Watson Data Services 2014 surveys, which include thousands of national participants. The information in this report reflects compensation data for all for-profit responding organizations at the 25th, 50th, and 75th percentiles.

Data Adjustments

Published Data Aging Adjustment

In order to ensure that all data was reflective of a common effective date, the published market data has been adjusted to June 1, 2015 using the WorldatWork 2014-15 average pay structure adjustments of 2%.

Geographic Adjustment

To adjust for geographic differences between the peer locations and the Client, we used the Geographic Wage & Salary Differentials reported by the Economic Research Institute (ERI) for the 25-mile radius around the city of each peer organization as of January 2015. These adjustments reflect the differences in salaries among a wide spectrum of occupations and jobs throughout the defined geographic area.

It is important to note that the Wage & Salary Differentials do not necessarily reflect cost-of-living differences. ERI has found that cost-of-living differences (which reflect the supply and demand for goods and services) are not a good predictor of salary levels. In other words, while the cost of housing (or other foods and services) in Client may differ from the cost of housing in another city by a certain percentage, the prevailing salaries may not differ by the same percentage. ERI emphasizes that – for adjusting salaries in a market study such as this one – the Wage & Salary Differentials provide a more accurate method of determining whether employers are paying a competitive wage appropriate to a given geographic area.

The geographic adjustments we applied are shown in **Table 6**. A **negative** adjustment means that the cost of labor in a comparator city is higher than in Client. For example, the cost-of-labor in Peer Employer 6 is 3.4% higher than in Client.

TABLE 6
GEOGRAPHIC COST-OF-LABOR ADJUSTMENTS

Public Sector Peer Employer	Location (25-mile radius)	Geographic Adjustment
Peer Employer 1	Location Name, State	-15.5%
Peer Employer 2	Location Name, State	-16.6%
Peer Employer 3	Location Name, State	0.0%
Peer Employer 4	Location Name, State	-8.7%
Peer Employer 5	Location Name, State	-12.6%
Peer Employer 6	Location Name, State	-3.4%
Peer Employer 7	Location Name, State	-9.9%
Peer Employer 8	Location Name, State	-8.3%
Peer Employer 9	Location Name, State	-11.6%
Peer Employer 10	Location Name, State	-10.3%
Peer Employer 11	Location Name, State	-6.1%
Peer Employer 12	Location Name, State	-3.1%
Peer Employer 13	Location Name, State	0.0%
Peer Employer 14	Location Name, State	-2.4%
Peer Employer 15	Location Name, State	-11.1%
Peer Employer 16	Location Name, State	0.0%
Peer Employer 17	Location Name, State	-8.5%
Peer Employer 18	Location Name, State	-2.7%
Peer Employer 19	Location Name, State	-3.5%
Peer Employer 20	Location Name, State	-6.7%
Private Sector Data Source	Notes	
Economic Research Institute	ERI provided data specific to Client area.	
Towers Watson*	Towers Watson surveys reflect employers nationwide.	
Mercer*	Mercer surveys reflect employers nationwide	

* National data has been adjusted by -9.9%

Benchmark Job Titles

Table 7 shows the 94 job titles used as survey benchmark jobs. Some positions included data from local/regional and national organizations and some included data from only national organizations. Job titles that only included data from national organizations are indicated in bold text.

TABLE 7
SURVEY BENCHMARK JOBS

Benchmark Job Titles	
Accountant	Help Desk Technician
Accounting Tech	Human Resources Consultant
Administrative Assistant	Human Resources Technician
Animal Services Officer	Lab Supervisor
Assistant City Attorney I	Lab Technician
Assistant City Manager	Labor Crew Coordinator
Benefit Specialist	Labor Crew Supervisor I
Budget Analyst	Laborer II
Budget and Finance Report Manager	Meter Reader Senior
Business Services Supervisor	Meter Reader Supervisor
Chief Information Officer	Meter Technician
Chief Officer Battalion	Motor Equipment Operator II
City Clerk	Naturalist I
Civil Engineer	Parking Enforcement Officer Senior
Code Enforcement Officer I	Payroll Specialist
Code Enforcement Officer IV	Permit Facilitator
Community and Economic Development Manager	Plans Reviewer
Community Development Analyst	Police Captain
Company Officer— Lieutenant	Police Lieutenant
Compensation and Benefits Manager	Police Officer
Construction Inspector	Police Sergeant
Custodian	Program Supervisor
Customer Service Representative I	Project Engineer Senior
Deputy City Attorney	Project Manager
Deputy Police Chief	Public Information Officer
Director of Development Services	Purchasing Agent
Director of Economic Development, CD & USCC	Real Estate Manager
Director of Finance	Recreation Center Director III

Benchmark Job Titles	
Director of Human Resources	Risk Manager
Director of Parks and Recreation	Sanitation Supervisor
Director of Planning and Urban Design	Secretary Senior
Director of Public Works	Stormwater Services Manager
Director of Transportation	Superintendent of Water Maintenance
Director of Water Resources	Superintendent of Water Production
District Supervisor	Systems Analyst II
Evidence and Property Room Technician	Technology Services Manager
Executive Assistant	Telecommunications Manager
Fire Chief	Telecommunicator
Fire Engineer	Tradesworker II
Fire Marshal	Traffic Engineer
Fire Specialist	Traffic Signal Technician
Firefighter	Urban Planner III
Fiscal Services Manager	Utility Billing Specialist
Fleet Manager	Water Maintenance Worker II
Forensic Services Technician III	Water Plant Operator II
GIS Analyst	Water Plant Supervisor
Heavy Equipment Mechanic	Zoning Enforcement Officer

Market Competitiveness

Overall, across all 94 benchmark jobs, the City's average pay range **midpoint** is competitive at the market average. However, we did find variation in competitiveness of individual benchmark jobs. Specifically:

- 19 benchmark job titles are below market (less than 95% at the midpoint)
- 36 benchmark job titles are at market (between 95% and 105% at the midpoint)
- 34 benchmark job titles are above market (greater than 105% at the midpoint) 4 benchmarks job titles did not have sufficient matches for analysis
- 4 benchmark job titles had less than three participant matches, so there was insufficient data for analysis of these titles.
- 1 benchmark job title, City Clerk, does not have a pay range, so no midpoint comparison could be made.

Table 8 shows the overall competitiveness (public and private sectors combined) of the pay range minimum, midpoint and maximum for each of the City's job families.

Table 9 shows the total compensation competitiveness (base salary, health benefits, and retirement benefits) for each of the City's benchmark jobs.

Pay Range Analysis

TABLE 8
OVERALL MARKET POSITION BY JOB FAMILY
BASE PAY ONLY

Job Family	Count of Job Titles	Client Pay Ranges as a Percent of the Market Average		
		Pay Range Minimum	Pay Range Midpoint	Pay Range Maximum
Civilian Public Safety	5	103%	105%	106%
Development Services	6	108%	112%	115%
Economic/Community Development	4	111%	121%	128%
Finance	9	97%	104%	109%
Fire	7	101%	96%	92%
General	4	100%	109%	114%
General Clerical	3	94%	98%	101%
General Maintenance	6	95%	98%	99%
General Services	2	94%	99%	102%
Human Resources	5	96%	103%	108%
Information Technology	5	99%	105%	109%

Job Family	Count of Job	Client Pay Ranges as a Percent of the Market Average		
Legal	2	81%	87%	92%
Parks & Recreation	4	101%	104%	106%
Planning	2	96%	104%	109%
Police	5	110%	103%	98%
Public Works	5	93%	98%	100%
Transportation	4	98%	102%	106%
Water Resources	16	99%	103%	105%
Overall Market Average		99%	103%	105%

Figures shown in **red** are below market (less than 95% of the market average)

Figures shown in **black** within the market range (95% to 105% of the market average)

Figures shown in **blue** are above market (more than 105% of the market average)

Total Compensation Analysis

Table 9 shows the overall competitiveness of Client's total compensation for benchmarked positions compared to market. Details of the total compensation analysis are provided in **Table 23**.

Table 9
MARKET COMPETITIVENESS OF CLIENT'S TOTAL COMPENSATION

Employer Total Compensation Costs (Base Pay Range Midpoint, Health Benefits, & Retirement Benefits)	
Civilian Public Safety Job Family	
Animal Services Officer	101%
Evidence & Property Technician	95%
Forensic Services Technician III	108%
Telecommunications Manager	*
Telecommunicator	105%
Development Services Job Family	
Code Enforcement Officer I	105%
Code Enforcement Officer IV	118%
Director of Development Services	112%
Permit Facilitator	113%
Plans Reviewer	103%
Economic/Community Development Job Family	
Community Development Analyst	105%
Community Development Manager	126%
Director of Economic Development, Community Development and USCC	133%
Real Estate Manager	109%
Finance Job Family	

Employer Total Compensation Costs (Base Pay Range Midpoint, Health Benefits, & Retirement Benefits)	
Accountant	102%
Accounting Technician	116%
Budget & Financial Reporting Manager	108%
Budget Analyst	112%
Director of Finance	108%
Fiscal Services Manager	92%
Payroll Specialist	111%
Purchasing Agent	83%
Risk Manager	109%
Fire Job Family	
Chief Officer Battalion	88%
Company Officer - Lieutenant	93%
Fire Chief	115%
Fire Engineer	99%
Fire Marshal	102%
Fire Specialist	*
Firefighter	97%
General Job Family	
Assistant City Manager	102%
Business Services Supervisor	*
City Clerk	*
Public Information Officer	100%
General Clerical Job Family	
Administrative Assistant	105%
Executive Assistant	95%
Secretary Senior	88%
General Maintenance Job Family	
Custodian	99%
Labor Crew Coordinator	94%
Labor Crew Supervisor I	88%
Laborer II	95%
Motor Equipment Operator II	94%
Tradesworker II	99%
General Services Job Family	
Fleet Manager	91%
Heavy Equipment Mechanic	100%
Human Resources Job Family	
Benefits Specialist	104%
Compensation & Benefits Manager	90%
Director of Human Resources	105%

Employer Total Compensation Costs (Base Pay Range Midpoint, Health Benefits, & Retirement Benefits)	
Human Resources Consultant	92%
Human Resources Technician	104%
Information Technology Job Family	
Chief Information Officer	101%
GIS Analyst	113%
Help Desk Technician	101%
Systems Analyst II	97%
Technology Services Manager	100%
Legal Job Family	
Assistant City Attorney I	92%
Deputy City Attorney	84%
Parks and Recreation Job Family	
Director of Parks and Recreation	107%
Naturalist I	*
Program Supervisor	106%
Recreation Center Director III	95%
Planning Job Family	
Director of Planning and Urban Design	101%
Urban Planner III	104%
Police Job Family	
Deputy Police Chief	107%
Police Captain	113%
Police Lieutenant	100%
Police Officer	99%
Police Sergeant	94%
Public Works Job Family	
Construction Inspector	99%
Director of Public Works	103%
Project Manager	88%
Sanitation Supervisor (Solid Waste Services Manager)	102%
Stormwater Services Manager	93%
Transportation Job Family	
Director of Transportation	98%
Parking Enforcement Officer Senior	89%
Traffic Engineer	108%
Traffic Signal Technician	109%
Water Resources Job Family	
Civil Engineer	113%
Customer Service Representative I	104%
Director of Water Resources	95%

Employer Total Compensation Costs (Base Pay Range Midpoint, Health Benefits, & Retirement Benefits)	
District Supervisor	*
Laboratory Supervisor	86%
Laboratory Technician	118%
Meter Reader Senior	*
Meter Reading Supervisor	84%
Meter Technician	102%
Project Engineer Senior	96%
Superintendent—Water Maintenance	110%
Superintendent—Water Production	94%
Utility Billing Specialist	112%
Water Maintenance Worker II	102%
Water Plant Operator II	91%
Water Plant Supervisor	95%
Zoning Enforcement Officer	104%
Overall Average	100%

* Insufficient data for analysis

Figures shown in **red** are below market (less than 95% of the market average)

Figures shown in **black** within the market range (95% to 105% of the market average)

Figures shown in **blue** are above market (more than 105% of the market average)

Pay Structure Design

Like the City, most peer employers have open range pay structures for general positions, as shown in **Table 10A**. Two (2) peer employers have both open range and grade and step structures, and three (3) peer employers only have grade and step structures.

TABLE 10A
PAY STRUCTURE DESIGN—GENERAL POSITIONS

Peer Employer	Pay Structure Design		
	Grade and Step	Open Ranges	Flat Rate
Peer Employer 1	✓		
Peer Employer 2		✓	
Peer Employer 3	✓		
Peer Employer 4		✓	
Peer Employer 5		✓	
Peer Employer 6	✓	✓	
Peer Employer 7	*	*	*
Peer Employer 8		✓	
Peer Employer 9	✓		
Peer Employer 10		✓	
Peer Employer 11		✓	
Peer Employer 12		✓	
Peer Employer 13		✓	
Peer Employer 14		✓	
Peer Employer 15	**	**	**
Peer Employer 16		✓	
Peer Employer 17		✓	
Peer Employer 18		✓	
Peer Employer 19	✓	✓	
Peer Employer 20		✓	
Count of Yes	5 of 20	15 of 20	0 of 20
Client		✓	

* Does not have pay ranges.

** No Response.

TABLE 10B
PAY STRUCTURE DESIGN— FIRE POSITIONS

Peer Employer	Pay Structure Design		
	Grade and Step	Open Ranges	Flat Rate
Peer Employer 1	✓		
Peer Employer 2	✓		
Peer Employer 3	N/A	N/A	N/A
Peer Employer 4		✓	
Peer Employer 5		✓	
Peer Employer 6	✓		✓
Peer Employer 7	✓		✓
Peer Employer 8		✓	
Peer Employer 9	✓		
Peer Employer 10		✓	
Peer Employer 11	✓		
Peer Employer 12		✓	
Peer Employer 13		✓	
Peer Employer 14		✓	
Peer Employer 15	**	**	**
Peer Employer 16	N/A	N/A	N/A
Peer Employer 17		✓	
Peer Employer 18		✓	
Peer Employer 19	✓	✓	
Peer Employer 20		✓	
Count of Yes	7 of 20	11 of 20	2 of 20
Client		✓	

** Data not provided.
N/A – Not applicable to organization.

TABLE 10C
PAY STRUCTURE DESIGN—POLICE POSITIONS

	Pay Structure Design		
Peer Employer	Grade and Step	Open Ranges	Flat Rate
Peer Employer 1	✓		
Peer Employer 2	✓	✓	
Peer Employer 3	*	*	*
Peer Employer 4		✓	
Peer Employer 5		✓	
Peer Employer 6	✓		✓
Peer Employer 7	✓		
Peer Employer 8		✓	
Peer Employer 9	✓		
Peer Employer 10		✓	
Peer Employer 11	✓		
Peer Employer 12		✓	
Peer Employer 13		✓	
Peer Employer 14		✓	
Peer Employer 15	**	**	**
Peer Employer 16	N/A	N/A	N/A
Peer Employer 17		✓	
Peer Employer 18		✓	
Peer Employer 19	✓	✓	
Peer Employer 20		✓	
Count of Yes	7 of 20	12 of 20	1 of 20
Client		✓	

* Reported other than grade/step, open range or flat rate.

** No Response..

N/A – Not applicable to organization.

Pay Progression

Like the majority (13 of 20) of peer employers, the City recognizes individual performance to determine employee pay progression, as shown in **Table 11**, however, the City has not funded individual performance increases since 2008. Four (4) peers use only longevity, while five (5) peers reported using career plan progressions.

TABLE 11
PAY PROGRESSION

Peer Employer	What determines how employees progress through the pay range?		
	Longevity	Individual Performance	Career Plan
Peer Employer 1	✓		
Peer Employer 2		✓	
Peer Employer 3	*	*	*
Peer Employer 4	✓		
Peer Employer 5			✓
Peer Employer 6	✓		
Peer Employer 7		✓	
Peer Employer 8		✓	✓
Peer Employer 9		✓	
Peer Employer 10			✓
Peer Employer 11		✓	✓
Peer Employer 12		✓	
Peer Employer 13		✓	
Peer Employer 14	✓		
Peer Employer 15	*	*	*
Peer Employer 16		✓	✓
Peer Employer 17		✓	
Peer Employer 18		✓	
Peer Employer 19		✓	
Peer Employer 20		✓	
Count of Yes	4 of 20	13 of 20	5 of 20
Client		✓	

* No Response.

Performance Based Rewards

The City offers performance based rewards for the individual, but has not funded performance-based rewards since 2008.

Most peer employers (14 of 20) offer individual performance-based rewards. Only one peer employer offers organization-wide and department/team rewards.

Pay Supplements

The City does not offer shift differentials, but does offer on-call pay, call-in/call-back pay, and holiday pay to employees. **Tables 12-13** provide a comparison of pay supplements offered by peer employers.

TABLE 12
PAY SUPPLEMENT AMOUNT FOR SHIFT DIFFERENTIAL AND HOLIDAY PAY

Peer Employers	Shift Differential	Holiday Pay
Peer Employer 1	N/A	Hourly rate for Police Admin. Groups & Public Safety Specialists
Peer Employer 2	\$.50/hour for Municipal Employees Association employees	N/A
Peer Employer 3	N/A	N/A
Peer Employer 4	N/A	Time and one-half
Peer Employer 5	N/A	Time worked on holiday is paid at time and one-half, plus pay for the holiday.
Peer Employer 6	N/A	N/A
Peer Employer 7	N/A	8 hours for holiday, no premium
Peer Employer 8	N/A	N/A
Peer Employer 9	\$1.50/hour for any shift	N/A
Peer Employer 10	N/A	N/A
Peer Employer 11	N/A	N/A
Peer Employer 12	N/A	N/A
Peer Employer 13	N/A	N/A
Peer Employer 14	2.5% for evening shift	N/A
Peer Employer 15	*	*
Peer Employer 16	\$1.50/hour for night shift	2.5 time hourly rate
Peer Employer 17	N/A	1.5 times base rate
Peer Employer 18	*	*
Peer Employer 19	N/A	8 hours for holiday, no premium
Peer Employer 20	N/A	N/A
Client	N/A	Time worked on holiday is paid at time and one-half, plus pay for the holiday.

* No Response.
NA – Not Applicable

TABLE 13
PAY SUPPLEMENT AMOUNT
ON-CALL PAY AND CALL-IN/CALL-BACK PAY

Peer Employers	On-Call or Standby Pay	Call-in/Call-Back Pay
Peer Employer 1	N/A	N/A
Peer Employer 2	N/A	N/A
Peer Employer 3	N/A	N/A
Peer Employer 4	Paid 4 hours. of comp time or 4 hours. of regular pay if on call 7 consecutive days	Minimum 2 hours of pay
Peer Employer 5	\$0.90/hour	Minimum 2 hours of pay
Peer Employer 6	N/A	N/A
Peer Employer 7	\$1.00/hour	Minimum 2 hours paid at 1.5x
Peer Employer 8	N/A	1.5x hourly rate, minimum 2 hours
Peer Employer 9	1 hour of comp time for every 24 hours of standby	Minimum 2 hours of pay
Peer Employer 10	1 hour per day or 8 hours if on call for whole week	Minimum 2 hours of pay
Peer Employer 11	N/A	N/A
Peer Employer 12	N/A	N/A
Peer Employer 13	N/A	N/A
Peer Employer 14	Minimum of 4 hours of pay	Minimum of 4 hours of pay
Peer Employer 15	*	*
Peer Employer 16	Supervisor—\$50/day; other employees guaranteed 14 hours of overtime	N/A
Peer Employer 17	8 hours of normal rate for each week of stand-by	Exempt—1 hour of pay minimum; nonexempt 1.5 hours minimum
Peer Employer 18	Yes, but details not provided	Yes, but details not provided
Peer Employer 19	Nonexempt—1 hour of pay	Minimum 2 hours of pay
Peer Employer 20	N/A	N/A
Client	All non-exempt \$7.1429/day	Minimum 2 hours of pay for first call; actual hours worked after

* No Response.
NA – Not Applicable

Health Benefits

The survey gathered information about health and wellness benefits offered to new employees. If peers offer more than one of any type of plan (e.g. two PPO plans), we asked them to provide information for the most populous plan.

Specifically, the survey collected employer and employee monthly cost and cost-sharing premiums for the following:

- Preferred Provider Organizations (PPOs) or Point of Service Plans (POS)
- Dental PPO Plan
- Life Insurance Plan
- Long-Term Disability
- Short-Term Disability
- **Tables 14-19** show medical, prescription and dental cost and cost-sharing information.

Total Health (Medical, Dental, and Vision) Plan Costs and Cost-Sharing

TABLE 14—TOTAL HEALTH (PPO/POS) MONTHLY COST (\$)

Peer Employer	Employer Contributions (\$)				Employee Contributions (\$)			
	EE Only	EE + Children	EE + Spouse	Family	EE Only	EE + Children	EE + Spouse	Family
Peer Employer 1	\$540	\$540	\$540	\$540	\$0	\$0	\$0	\$0
Peer Employer 2	\$602	-	\$1,301	\$1,819	\$151	-	\$325	\$455
Peer Employer 3	\$1,133	\$1,133	\$1,133	\$1,133	\$54	\$152	\$141	\$152
Peer Employer 4	\$542	\$881	\$909	\$1,190	\$547	\$206	\$282	\$423
Peer Employer 5	\$640	\$917	\$1,042	\$1,207	\$0	\$277	\$403	\$567
Peer Employer 6	\$502	\$1,540	\$2,060	\$2,489	\$56	\$181	\$2429	\$293
Peer Employer 7	\$258	\$244	\$346	\$697	\$81	\$349	\$365	\$387
Peer Employer 8	\$279	\$323	\$338	\$424	\$167	\$656	\$770	\$1,251
Peer Employer 9	\$523	\$766	\$797	\$1,143	\$0	\$94	\$133	\$242
Peer Employer 10	*	*	*	*	*	*	*	*
Peer Employer 11	\$527	\$723	\$688	\$925	\$25	\$245	\$321	\$390
Peer Employer 12	\$395	\$740	\$898	\$1,088	\$132	\$247	\$300	\$363
Peer Employer 13	\$445	\$445	\$445	\$445	\$0	\$173	\$512	\$827
Peer Employer 14	*	*	*	*	\$29	\$113	\$143	\$186
Peer Employer 15	*	*	*	*	*	*	*	*
Peer Employer 16	\$835	\$1,586	\$1,878	\$2,379	\$77	\$290	\$373	\$516
Peer Employer 17	\$308	\$466	\$521	\$781	\$70	\$205	\$288	\$404
Peer Employer 18	\$479	\$479	\$479	\$479	\$38	\$184	\$468	\$474
Peer Employer 19	\$394	\$560	\$662	\$876	\$158	\$296	\$408	\$584
Peer Employer 20	\$460	\$1,263	\$938	\$1,841	\$111	\$370	\$264	\$435
Market Average	\$521	\$788	\$881	\$1,144	\$67	\$238	\$319	\$442
Client PPO	\$437	\$663	\$780	\$1,144	\$30	\$161	\$219	\$402

* No Response.

TABLE 15—TOTAL HEALTH (PPO/POS) COST-SHARING (%)

Peer Employer	Employer Cost Sharing (%)				Employee Cost Sharing (%)			
	EE Only	EE + Children	EE + Spouse	Family	EE Only	EE + Children	EE + Spouse	Family
Peer Employer 1	100%	100%	100%	100%	0%	0%	0%	0%
Peer Employer 2	80%		80%	80%	20%		20%	20%
Peer Employer 3	95%	88%	89%	88%	5%	12%	11%	12%
Peer Employer 4	91%	81%	76%	74%	9%	19%	24%	26%
Peer Employer 5	100%	77%	72%	68%	0%	23%	28%	32%
Peer Employer 6	90%	89%	89%	89%	10%	11%	11%	11%
Peer Employer 7	76%	41%	49%	64%	24%	59%	51%	36%
Peer Employer 8	63%	33%	31%	25%	37%	67%	69%	75%
Peer Employer 9	100%	89%	86%	83%	0%	11%	14%	17%
Peer Employer 10	*	*	*	*	*	*	*	*
Peer Employer 11	95%	75%	68%	70%	5%	25%	32%	30%
Peer Employer 12	75%	75%	75%	75%	25%	25%	25%	25%
Peer Employer 13	100%	72%	47%	35%	0%	28%	53%	65%
Peer Employer 14	*	*	*	*	*	*	*	*
Peer Employer 15	*	*	*	*	*	*	*	*
Peer Employer 16	92%	85%	83%	82%	8%	15%	17%	18%
Peer Employer 17	81%	69%	64%	66%	19%	31%	36%	34%
Peer Employer 18	93%	72%	51%	50%	7%	28%	49%	50%
Peer Employer 19	71%	65%	62%	60%	29%	35%	38%	40%
Peer Employer 20	81%	23%	22%	19%	19%	23%	22%	19%
Market Average	88%	76%	72%	71%	12%	24%	28%	29%
Client PPO	94%	80%	78%	74%	6%	20%	22%	26%

* No Response.

Employee Dental Benefits Costs and Cost Sharing

TABLE 16—DENTAL PLAN MONTHLY COSTS

Peer Employer	Employer Contributions (\$)				Employee Contributions (\$)			
	EE Only	EE + Children	EE + Spouse	Family	EE Only	EE + Children	EE + Spouse	Family
Peer Employer 1	\$48	\$48	\$48	\$48	\$0	\$0	\$0	\$0
Peer Employer 2	\$24	N/A	\$48	\$82	\$6	N/A	\$12	\$21
Peer Employer 3	\$0	\$0	\$0	\$0	\$39	\$108	\$65	\$108
Peer Employer 4	\$47	\$53	\$53	\$54	\$5	\$52	\$53	\$93
Peer Employer 5	\$0	\$0	\$0	\$0	\$32	\$70	\$66	\$116
Peer Employer 6	\$31	\$83	\$113	\$137	\$3	\$11	\$15	\$18
Peer Employer 7	\$28	\$28	\$28	\$28	\$16	\$59	\$60	\$103
Peer Employer 8	\$24	N/A	N/A	\$24	\$0	N/A	N/A	\$57
Peer Employer 9	\$29	\$43	\$43	\$45	\$14	\$31	\$14	\$88
Peer Employer 10	\$10	\$10	\$10	\$10	\$11	\$40	\$40	\$81
Peer Employer 11	\$38	\$61	\$56	\$105	\$4	\$30	\$27	\$36
Peer Employer 12	\$23	\$51	\$45	\$75	\$8	\$17	\$15	\$25
Peer Employer 13	\$7	N/A	N/A	N/A	\$25	N/A	N/A	N/A
Peer Employer 14	\$0	N/A	N/A	\$0	\$9	N/A	N/A	\$28
Peer Employer 15	*	*	*	*	*	*	*	*
Peer Employer 16	\$33	\$63	\$75	\$95	\$0	\$27	\$27	\$27
Peer Employer 17	\$35	\$46	\$63	\$81	\$0	\$9	\$12	\$25
Peer Employer 18	\$27	\$29	\$29	\$34	\$3	\$19	\$19	\$49
Peer Employer 19	\$0	\$0	\$0	\$0	\$30	\$70	\$58	\$106
Peer Employer 20	\$18	N/A	N/A	\$33	\$0	N/A	N/A	\$21
Market Average	\$23	\$37	\$41	\$50	\$11	\$39	\$32	\$56
Client PPO	\$20	\$25	\$22	\$36	\$7	N/A	\$33	\$70

* No Response

N/A - Not Applicable.

TABLE 17—DENTAL PLAN COST SHARING

Peer Employer	Employer Cost Sharing (%)				Employee Cost Sharing (%)			
	EE Only	EE + Children	EE + Spouse	Family	EE Only	EE + Children	EE + Spouse	Family
Peer Employer 1	100%	100%	100%	100%	0%	0%	0%	0%
Peer Employer 2	80%	N/A	N/A	80%	20%	N/A	20%	20%
Peer Employer 3	0%	0%	0%	0%	100%	100%	100%	100%
Peer Employer 4	90%	51%	50%	37%	10%	49%	50%	63%
Peer Employer 5	0%	0%	0%	0%	100%	100%	100%	100%
Peer Employer 6	90%	88%	88%	88%	10%	12%	12%	12%
Peer Employer 7	64%	32%	32%	21%	36%	68%	68%	79%
Peer Employer 8	100%	N/A	N/A	30%	0%	N/A	N/A	70%
Peer Employer 9	67%	58%	75%	34%	33%	42%	25%	66%
Peer Employer 10	48%	20%	20%	11%	52%	80%	80%	89%
Peer Employer 11	90%	67%	67%	74%	10%	33%	33%	26%
Peer Employer 12	75%	75%	75%	75%	25%	25%	25%	25%
Peer Employer 13	21%	N/A	N/A	N/A	79%	N/A	N/A	N/A
Peer Employer 14	0%	N/A	N/A	0%	100%	N/A	N/A	100%
Peer Employer 15	*	*	*	*	*	*	*	*
Peer Employer 16	100%	70%	73%	78%	0%	30%	27%	22%
Peer Employer 17	100%	84%	84%	76%	0%	16%	16%	24%
Peer Employer 18	90%	61%	61%	41%	10%	39%	39%	59%
Peer Employer 19	0%	0%	0%	0%	100%	100%	100%	100%
Peer Employer 20	100%	N/A	N/A	61%	0%	N/A	N/A	0%
Market Average	67%	49%	56%	46%	33%	51%	44%	54%
Client PPO	74%	36%	41%	34%	26%	64%	59%	66%

* No Response; N/A - Not Applicable.

Employee Vision Benefits Costs and Cost Sharing, if provided but not covered in Health Care plan

TABLE 18—VISION PLAN MONTHLY COSTS

Peer Employer	Employer Contributions (\$)				Employee Contributions (\$)			
	EE Only	EE + Children	EE + Spouse	Family	EE Only	EE + Children	EE + Spouse	Family
Peer Employer 1	\$5	\$5	\$5	\$5	\$0	\$0	\$0	\$0
Peer Employer 2	\$0	N/A*	\$0	\$0	\$8	N/A	\$12	\$22
Peer Employer 6	\$0	\$0	\$0	\$0	\$13	\$20	\$20	\$33
Peer Employer 7	\$9	N/A	N/A	\$0	\$0	N/A	N/A	\$26
Peer Employer 8	\$0	\$0	\$0	\$0	\$10	\$27	\$18	\$27
Peer Employer 12	\$0	\$0	\$0	\$0	\$4	\$9	\$8	\$13
Peer Employer 19	\$0	\$0	\$0	\$0	\$8	\$16	\$16	\$22
Market Average	\$2	\$1	\$1	\$1	\$6	\$14	\$12	\$20
Client PPO	\$0	\$0	\$0	\$0	\$7	\$44	\$33	\$70

TABLE 19—VISION PLAN COST SHARING

Peer Employer	Employer Cost Sharing (%)				Employee Cost Sharing (%)			
	EE Only	EE + Children	EE + Spouse	Family	EE Only	EE + Children	EE + Spouse	Family
Peer Employer 1	100%	100%	100%	100%	0%	0%	0%	0%
Peer Employer 2	0%	N/A	0%	0%	100%	N/A	100%	100%
Peer Employer 6	0%	0%	0%	0%	100%	100%	100%	100%
Peer Employer 7	100%	N/A	N/A	0%	0%	N/A	N/A	100%
Peer Employer 8	0%	0%	0%	0%	100%	100%	100%	100%
Peer Employer 12	0%	0%	0%	0%	100%	100%	100%	100%
Peer Employer 19	0%	0%	0%	0%	100%	100%	100%	100%
Market Average	24%	6%	6%	3%	76%	94%	94%	97%
Client PPO	0%	0%	0%	0%	100%	100%	100%	100%

N/A - Not Applicable.

Other Benefit Premiums

Life Insurance Plan

The City pays the full cost of employee life insurance for employee coverage. All nineteen (19) peer employers that provided benefit information also provide the full cost of employee life insurance for employee coverage.

Long-Term Disability

The City offers long-term disability coverage to only those employees who are not yet vested in the State Government Retirement System, as do most (11 of 19) of the peer employers.

Short-Term Disability

Unlike the City, most (14 of 19) peer employers offer short-term disability to employees.

Details of benefits information have been provided in separate documents.

Retirement Benefits

The survey collected retirement benefit information on the following:

- Defined Benefit (DB) retirement plan contributions
- Defined Contribution (DC) 401(a) and 401(k) retirement plan contributions
- Deferred Compensation 457(b) retirement plan contributions

The City offers a Defined Benefit retirement plan and a Defined Contribution retirement plan. Detailed retirement benefit information is provided in **Tables 20-22**.

Defined Benefit Retirement Plan

General Positions: The majority of peers (18 of 19 peers) participate in a DB plan. The City's DB plan contributions for general employees are slightly lower than the market average (7.07% of base pay compared to the market average contribution of 7.61%). When compared only to organizations in the State, the City's DB plan contributions market competitive. Differences in the contribution rate as a percent of pay may be due to differences in workforce demographics, plan design, and level of unfunded liabilities.

Defined Contribution and Deferred Compensation Retirement Plans

The majority of peer employers (10 of 19) do not offer a 401(k) or 401(a) DC retirement plan. The average employer contribution of the nine peers that provide DC plans is 6.63%, which is slightly higher than the City's contribution of 5.0%

Neither the City nor any of the peer employers contribute to a 457(b) plan, although one peer organization does match up to 3% of the employee's contribution.

TABLE 20
TYPE OF RETIREMENT PLANS OFFERED TO GENERAL EMPLOYEES

Public Sector Peer Employer	Retirement Plan Types		
	Defined Benefit	Defined Contribution 401(a) or 401(k)	Deferred Compensation 457(b)
Peer Employer 1	*	*	*
Peer Employer 2	✓		
Peer Employer 3	✓	✓	
Peer Employer 4	✓	✓	
Peer Employer 5	✓	✓	
Peer Employer 6	✓		
Peer Employer 7	✓		
Peer Employer 8	✓	✓	
Peer Employer 9	✓	✓	
Peer Employer 10	✓	✓	
Peer Employer 11	✓	✓	
Peer Employer 12	✓		
Peer Employer 13	✓		
Peer Employer 14	✓		
Peer Employer 15		✓	
Peer Employer 16	✓		
Peer Employer 17	✓		
Peer Employer 18	✓		
Peer Employer 19	✓		
Peer Employer 20	✓		
Count of Yes	18 of 19	7 of 19	0 of 19
Client	✓		✓

* Data not provided.

TABLE 21A
DEFINED BENEFIT RETIREMENT PLAN CONTRIBUTIONS PUBLIC SECTOR—GENERAL EMPLOYEES

Peer	Defined Benefit Plan Name	Total Employer Contribution (% of base pay)	Total Employee Contribution (% of base pay)
Peer Employer 1	*	*	*
Peer Employer 2	PERA	0.00%	14.00%
Peer Employer 3	Local Government Employees Retirement System	7.07%	6.00%
Peer Employer 4	Local Government Employees Retirement System	7.07%	6.00%
Peer Employer 5	Local Government Employees Retirement System	7.07%	6.00%
Peer Employer 6	State Retirement System	10.09%	8.00%
Peer Employer 7	Local Government Employees Retirement System	7.07%	6.00%
Peer Employer 8	Local Government Employees Retirement System	7.07%	6.00%
Peer Employer 9	Local Government Employees Retirement System	7.07%	6.00%
Peer Employer 10	Local Government Employees Retirement System	7.07%	6.00%
Peer Employer 11	Local Government Employees Retirement System	7.07%	6.00%
Peer Employer 12	State Retirement System	10.90%	8.00%
Peer Employer 13	Local Government Employees Retirement System	7.07%	6.00%
Peer Employer 14	*	8.00%	6.00%
Peer Employer 15	*	*	*
Peer Employer 16	Local Government Employees Retirement System	7.07%	6.00%
Peer Employer 17	Local Government Employees Retirement System	7.07%	6.00%
Peer Employer 18	City Pension Plan	17.00%	5.00%
Peer Employer 19	Local Government Employees Retirement System	7.07%	6.00%
Peer Employer 20	Local Government Employees Retirement System	7.07%	6.00%
<i>Market Average</i>		7.66%	6.61%
Client	Local Government Employees Retirement System	7.07%	6.00%

* No Response

TABLE 21B
DEFINED BENEFIT PLAN CONTRIBUTIONS PUBLIC SECTOR – SWORN FIRE EMPLOYEES

Peer	Defined Benefit Plan Name	Employer Contribution (% of base pay)	Employee Contribution (% of base pay)
Peer Employer 1			
Peer Employer 2			
Peer Employer 3	N/A		
Peer Employer 4	Local Government Employees Retirement System	7.07%	6.00%
Peer Employer 5	Local Government Employees Retirement System	7.07%	6.00%
Peer Employer 6			
Peer Employer 7	Police Officer Retirement System	13.00%	6.00%
Peer Employer 8	Local Government Employees Retirement System	7.07%	6.00%
Peer Employer 9			
Peer Employer 10	Local Government Employees Retirement System	7.07%	6.00%
Peer Employer 11	Local Government Employees Retirement System	7.07%	6.00%
Peer Employer 12	Fireman's Pension Fund	15.00%	6.00%
Peer Employer 13	Local Government Employees Retirement System	7.07%	6.00%
Peer Employer 14		7.00%	6.00%
Peer Employer 15			
Peer Employer 16	N/A		
Peer Employer 17			
Peer Employer 18	City Pension Plan		
Peer Employer 19	Local Government Employees Retirement System	7.07%	6.00%
Peer Employer 20	Local Government Employees Retirement System	7.07%	6.00%
<i>Market Average</i>		<i>9.07%</i>	<i>6.09%</i>
Client	Local Government Employees Retirement System	7.07%	6.00%

* National Benchmark – Public Safety positions not included in survey.

N/A – Not applicable to organization.

TABLE 21C - DEFINED BENEFIT PLAN CONTRIBUTIONS PUBLIC SECTOR—SWORN POLICE EMPLOYEES

Peer	Defined Benefit Plan Name	Employer Contribution (% of base pay)	Employee Contribution (% of base pay)
Peer Employer 1			
Peer Employer 2			
Peer Employer 3	Local Government Employees Retirement System	7.41%	6.00%
Peer Employer 4	Local Government Employees Retirement System	7.41%	6.00%
Peer Employer 5	Local Government Employees Retirement System	7.41%	6.00%
Peer Employer 6			
Peer Employer 7	Local Government Employees Retirement System	7.41%	6.00%
Peer Employer 8	Local Government Employees Retirement System	7.41%	6.00%
Peer Employer 9			
Peer Employer 10	Local Government Employees Retirement System	7.41%	6.00%
Peer Employer 11	Local Government Employees Retirement System	7.41%	6.00%
Peer Employer 12	Police Officer Retirement System	13.00%	8.00%
Peer Employer 13	Local Government Employees Retirement System	7.41%	6.00%
Peer Employer 14	Police Officer Retirement System	42.43	6.00%
Peer Employer 15			
Peer Employer 16	N/A		
Peer Employer 17			
Peer Employer 18			
Peer Employer 19	Local Government Employees Retirement System	7.41%	6.00%
Peer Employer 20	Local Government Employees Retirement System	7.41%	6.00%
<i>Market Average</i>		<i>10.79%</i>	<i>6.17%</i>
Client	Local Government Employees Retirement System	7.41%	6.00%

* National Benchmark – Public Safety positions not included in survey.

NA – Not applicable to organization

Defined Contribution Plan

TABLE 22A
DEFINED CONTRIBUTION PLAN AND/OR DEFERRED COMPENSATION PLAN—GENERAL EMPLOYEES

Peer	Plan Type	Employer Contributions (Flat amount of base salary)	Employer Contributions (Maximum match of employee contribution)	Employee Contributions (%, \$, or IRS Max)
Peer Employer 1	*	*	*	*
Peer Employer 2	N/A			
Peer Employer 3	401(a)/401(k)	8.0%	0.0%	Up to IRS Max
Peer Employer 4	401(a)/401(k)	5.0%	0.0%	Up to IRS Max
Peer Employer 5	401(a)/401(k)	5.0%	0.0%	Up to IRS Max
Peer Employer 6	N/A			
Peer Employer 7	401(a)/401(k)		3.0%	Up to IRS Max
Peer Employer 8	401(a)/401(k)	3.5%	0.0%	Up to IRS Max
Peer Employer 9	401(a)/401(k)	4.5%	0.0%	Up to IRS Max
Peer Employer 10	401(a)/401(k)	5.0%	0.0%	Up to IRS Max
Peer Employer 11	457(b)	3.0%	0.0%	Up to IRS Max
Peer Employer 12	N/A			
Peer Employer 13	N/A			
Peer Employer 14	N/A			
Peer Employer 15	401(a)/401(k)	21.13%	0.0%	Up to IRS Max
Peer Employer 16	401(a)/401(k)		5.0%	
Peer Employer 17	457(b)		3.0%	Up to IRS Max
Peer Employer 18	N/A			
Peer Employer 19	401(a)/401(k)	4.5%	0.0%	Up to IRS Max
Peer Employer 20	N/A			
Market Average		6.6%	0.3%	Up to IRS Max
Client	401(k)	5.0%	0.0%	Up to IRS Max

* No Response

Defined Contribution Plan

TABLE 22B—DEFINED CONTRIBUTION PLAN AND/OR DEFERRED COMPENSATION PLAN—FIRE EMPLOYEES

Peer	Plan Type	Employer Contributions (Flat amount of base salary)	Employer Contributions (Maximum match of employee contribution)	Employee Contributions (%,\$, or IRS Max)
Peer Employer 1	*	*	*	*
Peer Employer 2	N/A			
Peer Employer 3	N/A			
Peer Employer 4	401(a)/401(k)	5.0%	0.0%	Up to IRS Max
Peer Employer 5	401(a)/401(k)	5.0%	0.0%	Up to IRS Max
Peer Employer 6	N/A			
Peer Employer 7	401(a)/401(k)		3.0%	Up to IRS Max
Peer Employer 8	401(a)/401(k)	5.0%	5.0%	Up to IRS Max
Peer Employer 9	401(a)/401(k)	4.5%	0.0%	Up to IRS Max
Peer Employer 10	401(a)/401(k)	5.0%	0.0%	Up to IRS Max
Peer Employer 11	457(b)		3.0%	Up to IRS Max
Peer Employer 12	N/A			
Peer Employer 13	N/A			
Peer Employer 14	N/A			
Peer Employer 15	401(a)/401(k)	27.7%		Up to IRS Max
Peer Employer 16	401(a)/401(k)		5.0%	
Peer Employer 17	457(b)		3.0%	Up to IRS Max
Peer Employer 18	N/A			
Peer Employer 19	401(a)/401(k)	4.5%	0.0%	Up to IRS Max
Peer Employer 20	N/A			
	Market Average	7.47%	2.3%	Up to IRS Max
Client	401(k)	5.0%	0.0%	Up to IRS Max

* No Response

N/A – Not applicable to organization.

Defined Contribution Plan

TABLE 22C

DEFINED CONTRIBUTION PLAN AND/OR DEFERRED COMPENSATION PLAN—POLICE EMPLOYEES

Peer	Plan Type	Employer Contributions (Flat amount of base salary)	Employer Contributions (Maximum match of employee contribution)	Employee Contributions (%, \$, or IRS Max)
Peer Employer 1	*	*	*	*
Peer Employer 2	N/A			
Peer Employer 3	401(a)/401(k)	8.0%	0.0%	Up to IRS Max
Peer Employer 4	401(a)/401(k)	5.0%	0.0%	Up to IRS Max
Peer Employer 5	401(a)/401(k)	5.0%	0.0%	Up to IRS Max
Peer Employer 6	N/A			
Peer Employer 7	401(a)/401(k)	5.0%	0.0%	Up to IRS Max
Peer Employer 8	401(a)/401(k)	5.0%	5.0%	Up to IRS Max
Peer Employer 9	401(a)/401(k)	4.5%	0.0%	Up to IRS Max
Peer Employer 10	401(a)/401(k)	5.0%	0.0%	Up to IRS Max
Peer Employer 11	457(b)	3.0%	0.0%	Up to IRS Max
Peer Employer 12	N/A			
Peer Employer 13	401(a)/401(k)		1.0%	
Peer Employer 14	N/A			
Peer Employer 15	401(a)/401(k)	25.3%	0.0%	Up to IRS Max
Peer Employer 16	401(a)/401(k)		5.0%	
Peer Employer 17	457(b)	5.0%	0.0%	Up to IRS Max
Peer Employer 18	N/A			
Peer Employer 19	401(a)/401(k)	4.5%	0.0%	Up to IRS Max
Peer Employer 20	N/A			
Market Average		5.1%	1.0%	Up to IRS Max
Client	401(k)	5.0%	0.0%	Up to IRS Max

* No Response.

N/A – Not applicable to organization.

Total Compensation

Methodology

To determine the competitiveness of total compensation, we considered the total employer cost for each benchmark job including the sum of the following:

- Overall market average pay at midpoint (custom survey data)
- Average employer weighted total health costs (medical, dental, and vision premiums)
- Average employer contributions to a Defined Benefit plan, Defined Contribution plan, and/or Deferred Compensation plan (based on employer contribution as a percent of base pay at the average market midpoint.)

Across all benchmark jobs, the City's pay range midpoint is at 102% of the overall average market midpoint (custom as published data), as shown in **Table 23**. The City's contributions to total health costs are more generous than the market, and the City's cost sharing percentage is more generous. When all peer organizations are considered, the City's contribution to retirement benefits is lower than the market average employer contribution. However, the City's retirement contributions are comparable to contributions made by peer organizations in the State.

Table 24 shows the competitiveness of total compensation for individual benchmark job titles.

TABLE 23
CLIENT TOTAL OVERALL COMPENSATION MARKET POSITION

Group	City Midpoint as % of Overall Market Average	City as % of Market Annual Employer Cost of Benefits		City as % of Total Compensation Costs
		Weighted Total Health Cost	Total Retirement Benefits	
General Positions Average	104%	88%	107%	102%
Fire Positions Average	92%	88%	103%	95%
Police Positions Average	102%	88%	86%	98%

Figures shown in **red** are below market (less than 95% of the market average)

Figures shown in **black** within the market range (95% to 105% of the market average)

Figures shown in **blue** are above market (more than 105% of the market average)

TABLE 24
CLIENT TOTAL COMPENSATION BY BENCHMARK POSITION

Job Family and Job Title	Base Salary	Employer Cost of Benefits		Employer Total Compensation Costs (Base Salary, Health Benefits, & Retirement Benefits)
		Weighted Total Health Cost (Medical, Prescription Drug, & Dental)	Retirement Benefit Costs (Defined Benefit, Defined Contribution & Deferred Compensation)	
GENERAL POSITIONS				
Accountant				
Client	\$53,288	\$8,003	\$6,432	\$67,723
Market	\$51,522	\$9,082	\$5,997	\$66,601
Client as % Mkt	103%	88%	107%	102%
Accounting Technician				
Client	\$43,840	\$8,003	\$5,292	\$57,135
Market	\$35,936	\$9,082	\$4,183	\$49,201
Client as % Mkt	122%	88%	126%	116%
Administrative Assistant				
Client	\$41,753	\$8,003	\$5,040	\$54,795
Market	\$38,423	\$9,082	\$4,473	\$51,977
Client as % Mkt	109%	88%	113%	105%
Animal Services Officer				
Client	\$37,871	\$8,003	\$4,571	\$50,445
Market	\$36,507	\$9,082	\$4,250	\$49,839
Client as % Mkt	104%	88%	108%	101%
Assistant City Attorney				
Client	\$64,772	\$8,003	\$7,818	\$80,593
Market	\$70,765	\$9,082	\$8,237	\$88,084
Client as % Mkt	92%	88%	95%	91%
Assistant City Manager				
Client	\$127,559	\$8,003	\$15,396	\$150,958
Market	\$125,058	\$9,082	\$14,557	\$148,698
Client as % Mkt	102%	88%	106%	102%
Benefit Specialist				
Client	\$48,334	\$8,003	\$5,834	\$62,171
Market	\$45,625	\$9,082	\$5,311	\$60,018
Client as % Mkt	106%	88%	110%	104%

Job Family and Job Title	Base Salary	Employer Cost of Benefits		Employer Total Compensation Costs (Base Salary, Health Benefits, & Retirement Benefits)
		Weighted Total Health Cost (Medical, Prescription Drug, & Dental)	Retirement Benefit Costs (Defined Benefit, Defined Contribution & Deferred Compensation)	
GENERAL POSITIONS				
Budget Analyst				
Client	\$64,772	\$8,003	\$7,818	\$80,593
Market	\$56,485	\$9,082	\$6,575	\$72,142
Client as % Mkt	115%	88%	119%	112%
Budget and Finance Report Manager				
Client	\$74,982	\$8,003	\$9,050	\$92,035
Market	\$67,905	\$9,082	\$7,905	\$84,892
Client as % Mkt	110%	88%	114%	108%
Business Services Supervisor				
Client	\$50,751	\$8,003	\$6,126	\$64,879
Market	*	\$9,082	*	*
Client as % Mkt	*	88%	*	*
Chief Information Officer				
Client	\$110,190	\$8,003	\$13,300	\$131,493
Market	\$108,690	\$9,082	\$12,652	\$130,423
Client as % Mkt	101%	88%	105%	101%
City Clerk				
Client	*	\$8,003	*	*
Market	*	\$9,082	*	*
Client as % Mkt	*	88%	*	*
Civil Engineer				
Client	\$68,011	\$8,003	\$8,209	\$84,222
Market	\$58,746	\$9,082	\$6,838	\$74,666
Client as % Mkt	116%	88%	120%	113%
Code Enforcement Officer I				
Client	\$46,032	\$8,003	\$5,556	\$59,591
Market	\$42,765	\$9,082	\$4,978	\$56,825
Client as % Mkt	108%	88%	112%	105%
Code Enforcement Officer IV				
Client	\$55,953	\$8,003	\$6,753	\$70,709
Market	\$45,781	\$9,082	\$5,329	\$60,192
Client as % Mkt	122%	88%	127%	117%

Job Family and Job Title	Base Salary	Employer Cost of Benefits		Employer Total Compensation Costs (Base Salary, Health Benefits, & Retirement Benefits)
		Weighted Total Health Cost (Medical, Prescription Drug, & Dental)	Retirement Benefit Costs (Defined Benefit, Defined Contribution & Deferred Compensation)	
GENERAL POSITIONS				
Community and Economic Development Manager				
Client	\$87,633	\$8,003	\$10,577	\$106,213
Market	\$67,521	\$9,082	\$7,860	\$84,462
Client as % Mkt	130%	88%	135%	126%
Community Development Analyst				
Client	\$55,953	\$8,003	\$6,753	\$70,709
Market	\$52,467	\$9,082	\$6,107	\$67,657
Client as % Mkt	107%	88%	111%	105%
Compensation and Benefits Manager				
Client	\$64,772	\$8,003	\$7,818	\$80,593
Market	\$72,163	\$9,082	\$8,400	\$89,645
Client as % Mkt	90%	88%	93%	90%
Construction Inspector				
Client	\$46,032	\$8,003	\$5,556	\$59,591
Market	\$45,722	\$9,082	\$5,322	\$60,126
Client as % Mkt	101%	88%	104%	99%
Custodian				
Client	\$26,430	\$8,003	\$3,190	\$37,623
Market	\$25,905	\$9,082	\$3,016	\$38,003
Client as % Mkt	102%	88%	106%	99%
Customer Service Representative I				
Client	\$34,350	\$8,003	\$4,146	\$46,499
Market	\$31,943	\$9,082	\$3,718	\$44,743
Client as % Mkt	108%	88%	112%	104%
Deputy City Attorney				
Client	\$87,633	\$8,003	\$10,577	\$106,213
Market	\$104,982	\$9,082	\$12,220	\$126,284
Client as % Mkt	83%	88%	87%	84%
Deputy Police Chief				
Client	\$95,187	\$8,003	\$11,489	\$114,678
Market	\$88,122	\$9,082	\$10,258	\$107,462
Client as % Mkt	108%	88%	112%	107%

Job Family and Job Title	Base Salary	Employer Cost of Benefits		Employer Total Compensation Costs (Base Salary, Health Benefits, & Retirement Benefits)
		Weighted Total Health Cost (Medical, Prescription Drug, & Dental)	Retirement Benefit Costs (Defined Benefit, Defined Contribution & Deferred Compensation)	
GENERAL POSITIONS				
Director of Development Services				
Client	\$110,190	\$8,003	\$13,300	\$131,493
Market	\$96,729	\$9,082	\$11,260	\$117,070
Client as % Mkt	114%	88%	118%	112%
Director of Economic Development, Community Development and USCC				
Client	\$110,190	\$8,003	\$13,300	\$131,493
Market	\$80,132	\$9,082	\$9,328	\$98,541
Client as % Mkt	138%	88%	143%	133%
Director of Finance				
Client	\$110,190	\$8,003	\$13,300	\$131,493
Market	\$101,178	\$9,082	\$11,778	\$122,037
Client as % Mkt	109%	88%	113%	108%
Director of Human Resources				
Client	\$110,190	\$8,003	\$13,300	\$131,493
Market	\$103,717	\$9,082	\$12,073	\$124,872
Client as % Mkt	106%	88%	110%	105%
Director of Parks and Recreation				
Client	\$110,190	\$8,003	\$13,300	\$131,493
Market	\$101,713	\$9,082	\$11,840	\$122,635
Client as % Mkt	108%	88%	112%	107%
Director of Planning and Urban Design				
Client	\$110,190	\$8,003	\$13,300	\$131,493
Market	\$108,233	\$9,082	\$12,599	\$129,914
Client as % Mkt	102%	88%	106%	101%
Director of Public Works				
Client	\$110,190	\$8,003	\$13,300	\$131,493
Market	\$106,176	\$9,082	\$12,359	\$127,617
Client as % Mkt	104%	88%	108%	103%
Director of Transportation				
Client	\$110,190	\$8,003	\$13,300	\$131,493
Market	\$111,604	\$9,082	\$12,991	\$133,667
Client as % Mkt	99%	88%	102%	98%

Job Family and Job Title	Base Salary	Employer Cost of Benefits		Employer Total Compensation Costs (Base Salary, Health Benefits, & Retirement Benefits)
		Weighted Total Health Cost (Medical, Prescription Drug, & Dental)	Retirement Benefit Costs (Defined Benefit, Defined Contribution & Deferred Compensation)	
GENERAL POSITIONS				
Director of Water Resources				
Client	\$110,190	\$8,003	\$13,300	\$131,493
Market	\$115,501	\$9,082	\$13,445	\$138,027
Client as % Mkt	95%	88%	99%	95%
District Supervisor				
Client	\$46,032	\$8,003	\$5,556	\$59,591
Market	*	\$9,082	*	*
Client as % Mkt	*	88%	*	*
Evidence and Property Room Technician				
Client	\$37,871	\$8,003	\$4,571	\$50,445
Market	\$39,536	\$9,082	\$4,602	\$53,220
Client as % Mkt	96%	88%	99%	95%
Executive Assistant				
Client	\$43,840	\$8,003	\$5,292	\$57,135
Market	\$45,846	\$9,082	\$5,337	\$60,264
Client as % Mkt	96%	88%	99%	95%
Fire Chief				
Client	\$127,559	\$8,003	\$15,396	\$150,958
Market	\$109,585	\$9,082	\$12,756	\$131,423
Client as % Mkt	116%	88%	121%	115%
Fiscal Services Manager				
Client	\$74,982	\$8,003	\$9,050	\$92,035
Market	\$81,842	\$9,082	\$9,527	\$100,450
Client as % Mkt	92%	88%	95%	92%
Fleet Manager				
Client	\$61,688	\$8,003	\$7,446	\$77,136
Market	\$68,018	\$9,082	\$7,918	\$85,018
Client as % Mkt	91%	88%	94%	91%
Forensic Services Technician III				
Client	\$48,334	\$8,003	\$5,834	\$62,171
Market	\$43,332	\$9,082	\$5,044	\$57,457
Client as % Mkt	112%	88%	116%	108%

Job Family and Job Title	Base Salary	Employer Cost of Benefits		Employer Total Compensation Costs (Base Salary, Health Benefits, & Retirement Benefits)
		Weighted Total Health Cost (Medical, Prescription Drug, & Dental)	Retirement Benefit Costs (Defined Benefit, Defined Contribution & Deferred Compensation)	
GENERAL POSITIONS				
GIS Analyst				
Client	\$64,772	\$8,003	\$7,818	\$80,593
Market	\$55,570	\$9,082	\$6,469	\$71,121
Client as % Mkt	117%	88%	121%	113%
Heavy Equipment Mechanic				
Client	\$43,840	\$8,003	\$5,292	\$57,135
Market	\$43,282	\$9,082	\$5,038	\$58,402
Client as % Mkt	101%	88%	105%	100%
Help Desk Technician				
Client	\$41,753	\$8,003	\$5,040	\$54,795
Market	\$40,637	\$9,082	\$4,730	\$54,449
Client as % Mkt	103%	88%	107%	101%
Human Resources Consultant				
Client	\$53,288	\$8,003	\$6,432	\$67,723
Market	\$57,958	\$9,082	\$6,747	\$73,786
Client as % Mkt	92%	88%	95%	92%
Human Resources Technician				
Client	\$39,765	\$8,003	\$4,800	\$52,567
Market	\$37,004	\$9,082	\$4,307	\$50,393
Client as % Mkt	107%	88%	111%	104%
Lab Supervisor				
Client	\$53,288	\$8,003	\$6,432	\$67,723
Market	\$62,051	\$9,082	\$7,223	\$78,356
Client as % Mkt	86%	88%	89%	86%
Lab Technician				
Client	\$48,334	\$8,003	\$5,834	\$62,171
Market	\$39,090	\$9,082	\$4,550	\$52,722
Client as % Mkt	124%	88%	128%	118%
Labor Crew Coordinator				
Client	\$48,334	\$8,003	\$5,834	\$62,171
Market	\$51,210	\$9,082	\$5,961	\$66,253
Client as % Mkt	94%	88%	98%	94%

Job Family and Job Title	Base Salary	Employer Cost of Benefits		Employer Total Compensation Costs (Base Salary, Health Benefits, & Retirement Benefits)
		Weighted Total Health Cost (Medical, Prescription Drug, & Dental)	Retirement Benefit Costs (Defined Benefit, Defined Contribution & Deferred Compensation)	
GENERAL POSITIONS				
Labor Crew Supervisor I				
Client	\$37,871	\$8,003	\$4,571	\$50,445
Market	\$43,314	\$9,082	\$5,042	\$57,438
Client as % Mkt	87%	88%	91%	88%
Laborer II				
Client	\$28,826	\$8,003	\$3,479	\$40,308
Market	\$29,863	\$9,082	\$3,476	\$42,422
Client as % Mkt	97%	88%	100%	95%
Meter Reader Senior				
Client	\$36,068	\$8,003	\$4,353	\$48,424
Market	*	\$9,082	*	*
Client as % Mkt	*	88%	*	*
Meter Reader Supervisor				
Client	\$41,753	\$8,003	\$5,040	\$54,795
Market	\$50,235	\$9,082	\$5,848	\$65,164
Client as % Mkt	83%	88%	86%	84%
Meter Technician				
Client	\$37,871	\$8,003	\$4,571	\$50,445
Market	\$36,257	\$9,082	\$4,221	\$49,559
Client as % Mkt	104%	88%	108%	102%
Motor Equipment Operator II				
Client	\$32,714	\$8,003	\$3,949	\$44,666
Market	\$34,657	\$9,082	\$4,034	\$47,773
Client as % Mkt	94%	88%	98%	93%
Naturalist I				
Client	\$36,068	\$8,003	\$4,353	\$48,424
Market	*	*	*	*
Client as % Mkt	*	*	*	*
Parking Enforcement Officer Senior				
Client	\$31,156	\$8,003	\$3,761	\$42,920
Market	\$34,959	\$9,082	\$4,069	\$48,110
Client as % Mkt	89%	88%	92%	89%

Job Family and Job Title		Employer Cost of Benefits		Employer Total Compensation Costs (Base Salary, Health Benefits, & Retirement Benefits)
	Base Salary	Weighted Total Health Cost (Medical, Prescription Drug, & Dental)	Retirement Benefit Costs (Defined Benefit, Defined Contribution & Deferred Compensation)	
GENERAL POSITIONS				
Payroll Specialist				
Client	\$48,334	\$8,003	\$5,834	\$62,171
Market	\$41,948	\$9,082	\$4,883	\$55,913
Client as % Mkt	115%	88%	119%	111%
Permit Facilitator				
Client	\$41,753	\$8,003	\$5,040	\$54,795
Market	\$35,282	\$9,082	\$4,107	\$48,471
Client as % Mkt	118%	88%	123%	113%
Plans Reviewer				
Client	\$55,953	\$8,003	\$6,753	\$70,709
Market	\$53,265	\$9,082	\$6,200	\$68,547
Client as % Mkt	105%	88%	109%	103%
Program Supervisor				
Client	\$55,953	\$8,003	\$6,753	\$70,709
Market	\$51,393	\$9,082	\$5,982	\$66,457
Client as % Mkt	109%	88%	113%	106%
Project Engineer Senior				
Client	\$64,772	\$8,003	\$7,818	\$80,593
Market	\$67,260	\$9,082	\$7,829	\$84,172
Client as % Mkt	96%	88%	100%	96%
Project Manager				
Client	\$58,750	\$8,003	\$7,091	\$73,844
Market	\$66,995	\$9,082	\$7,799	\$83,876
Client as % Mkt	88%	88%	91%	88%
Public Information Officer				
Client	\$68,011	\$8,003	\$8,209	\$84,222
Market	\$67,317	\$9,082	\$7,836	\$84,234
Client as % Mkt	101%	88%	105%	100%
Purchasing Agent				
Client	\$48,334	\$8,003	\$5,834	\$62,171
Market	\$58,898	\$9,082	\$6,856	\$74,836
Client as % Mkt	82%	88%	85%	83%

Job Family and Job Title	Base Salary	Employer Cost of Benefits		Employer Total Compensation Costs (Base Salary, Health Benefits, & Retirement Benefits)
		Weighted Total Health Cost (Medical, Prescription Drug, & Dental)	Retirement Benefit Costs (Defined Benefit, Defined Contribution & Deferred Compensation)	
GENERAL POSITIONS				
Real Estate Manager				
Client	\$68,011	\$8,003	\$8,209	\$84,222
Market	\$61,111	\$9,082	\$7,114	\$77,306
Client as % Mkt	111%	88%	115%	109%
Recreation Center Director III				
Client	\$50,751	\$8,003	\$6,126	\$64,879
Market	\$52,981	\$9,082	\$6,167	\$68,231
Client as % Mkt	96%	88%	99%	95%
Risk Manager				
Client	\$74,982	\$8,003	\$9,050	\$92,035
Market	\$67,302	\$9,082	\$7,834	\$84,218
Client as % Mkt	111%	88%	116%	109%
Sanitation Supervisor				
Client	\$74,982	\$8,003	\$9,050	\$92,035
Market	\$72,999	\$9,082	\$8,497	\$90,578
Client as % Mkt	103%	88%	107%	102%
Senior Secretary				
Client	\$34,350	\$8,003	\$4,146	\$46,499
Market	\$39,024	\$9,082	\$4,543	\$52,648
Client as % Mkt	88%	88%	91%	88%
Stormwater Services Manager				
Client	\$74,982	\$8,003	\$9,050	\$92,035
Market	\$80,163	\$9,082	\$9,331	\$98,576
Client as % Mkt	94%	88%	97%	93%
Superintendent of Water Maintenance				
Client	\$71,411	\$8,003	\$8,619	\$88,033
Market	\$63,485	\$9,082	\$7,390	\$79,957
Client as % Mkt	112%	88%	117%	110%
Superintendent of Water Production				
Client	\$71,411	\$8,003	\$8,619	\$88,033
Market	\$75,791	\$9,082	\$8,822	\$93,695
Client as % Mkt	94%	88%	98%	94%

Job Family and Job Title	Base Salary	Employer Cost of Benefits		Employer Total Compensation Costs (Base Salary, Health Benefits, & Retirement Benefits)
		Weighted Total Health Cost (Medical, Prescription Drug, & Dental)	Retirement Benefit Costs (Defined Benefit, Defined Contribution & Deferred Compensation)	
GENERAL POSITIONS				
Systems Analyst II				
Client	\$64,772	\$8,003	\$7,818	\$80,593
Market	\$66,273	\$9,082	\$7,714	\$83,069
Client as % Mkt	98%	88%	101%	97%
Technology Services Manager				
Client	\$74,982	\$8,003	\$9,050	\$92,035
Market	\$74,544	\$9,082	\$8,677	\$92,303
Client as % Mkt	101%	88%	104%	100%
Telecommunications Manager				
Client	\$58,750	\$8,003	\$7,091	\$73,844
Market	*	\$9,082	*	*
Client as % Mkt	*	88%	*	*
Telecommunicator				
Client	\$41,753	\$8,003	\$5,040	\$54,795
Market	\$38,690	\$9,082	\$4,504	\$52,276
Client as % Mkt	108%	88%	112%	105%
Tradesworker II				
Client	\$39,764	\$8,003	\$4,800	\$52,567
Market	\$39,279	\$9,082	\$4,572	\$52,933
Client as % Mkt	101%	88%	105%	99%
Traffic Engineer				
Client	\$74,982	\$8,003	\$9,050	\$92,035
Market	\$68,358	\$9,082	\$7,957	\$85,397
Client as % Mkt	110%	88%	114%	108%
Traffic Signal Technician				
Client	\$48,334	\$8,003	\$5,834	\$62,171
Market	\$43,126	\$9,082	\$5,020	\$57,228
Client as % Mkt	112%	88%	116%	109%
Urban Planner III				
Client	\$64,772	\$8,003	\$7,818	\$80,593
Market	\$61,548	\$9,082	\$7,165	\$77,795
Client as % Mkt	105%	88%	109%	104%

Job Family and Job Title	Base Salary	Employer Cost of Benefits		Employer Total Compensation Costs (Base Salary, Health Benefits, & Retirement Benefits)
		Weighted Total Health Cost (Medical, Prescription Drug, & Dental)	Retirement Benefit Costs (Defined Benefit, Defined Contribution & Deferred Compensation)	
GENERAL POSITIONS				
Utility Billing Specialist				
Client	\$46,032	\$8,003	\$5,556	\$59,591
Market	\$39,466	\$9,082	\$4,594	\$53,142
Client as % Mkt	117%	88%	121%	112%
Water Maintenance Worker II				
Client	\$39,764	\$8,003	\$4,800	\$52,567
Market	\$38,005	\$9,082	\$4,424	\$51,511
Client as % Mkt	105%	88%	108%	102%
Water Plant Operator II				
Client	\$39,764	\$8,003	\$4,800	\$52,567
Market	\$43,434	\$9,082	\$5,056	\$57,572
Client as % Mkt	92%	88%	95%	91%
Water Plant Supervisor				
Client	\$58,750	\$8,003	\$7,091	\$73,844
Market	\$61,557	\$9,082	\$7,166	\$77,805
Client as % Mkt	95%	88%	99%	95%
Zoning Enforcement Officer				
Client	\$46,032	\$8,003	\$5,556	\$59,591
Market	\$43,005	\$9,082	\$5,006	\$57,092
Client as % Mkt	107%	88%	111%	104%
PUBLIC SAFETY POSITIONS				
Chief Officer Battalion				
Client	\$72,133	\$8,003	\$10,149	\$90,285
Market	\$82,609	\$9,082	\$10,669	\$102,359
Client as % Mkt	87%	88%	95%	88%
Company Officer - Lieutenant				
Client	\$55,761	\$8,003	\$7,846	\$71,609
Market	\$60,396	\$9,082	\$7,800	\$77,277
Client as % Mkt	92%	88%	101%	93%
Fire Engineer				
Client	\$48,951	\$8,003	\$6,887	\$63,841
Market	\$49,176	\$9,082	\$6,351	\$64,609
Client as % Mkt	100%	88%	108%	99%

Job Family and Job Title	Base Salary	Employer Cost of Benefits		Employer Total Compensation Costs (Base Salary, Health Benefits, & Retirement Benefits)
		Weighted Total Health Cost (Medical, Prescription Drug, & Dental)	Retirement Benefit Costs (Defined Benefit, Defined Contribution & Deferred Compensation)	
PUBLIC SAFETY POSITIONS				
Fire Marshal				
Client	\$75,019	\$8,003	\$10,555	\$93,576
Market	\$71,397	\$9,082	\$9,221	\$89,700
Client as % Mkt	105%	88%	114%	104%
Fire Specialist				
Client	\$54,468	\$8,003	\$7,664	\$80,134
Market	\$68,167	\$9,082	\$8,803	\$86,052
Client as % Mkt	80%	88%	87%	82%
Firefighter				
Client	\$30303	\$8,003	\$4,967	\$48,273
Market	\$39,471	\$9,082	\$5,097	\$53,650
Client as % Mkt	89%	88%	97%	90%
Police Captain				
Client	\$81,895	\$8,003	\$10,163	\$100,061
Market	\$70,359	\$9,082	\$10,321	\$89,762
Client as % Mkt	116%	88%	98%	113%
Police Lieutenant				
Client	\$68,834	\$8,003	\$8,542	\$85,379
Market	\$67,533	\$9,082	\$9,906	\$86,521
Client as % Mkt	102%	88%	86%	99%
Police Officer				
Client	\$39,397	\$8,003	\$4,889	\$52,289
Market	\$42,558	\$9,082	\$6,243	\$57,882
Client as % Mkt	93%	88%	78%	90%
Police Sergeant				
Client	\$55,338	\$8,003	\$6,867	\$70,209
Market	\$57,845	\$9,082	\$8,485	\$75,413
Client as % Mkt	96%	88%	81%	93%

* Insufficient data for analysis.

Figures shown in **red** are below market (less than 95% of the market average)

Figures shown in **black** within the market range (95% to 105% of the market average)

Figures shown in **blue** are above market (more than 105% of the market average)

Recommendations

Pay Structure and Grade Placement

- For pay structure design, it was determined the Client's current Executive pay structure was competitive and no adjustment was recommended.
- Segal Waters developed new pay ranges for exempt and non-exempt positions based upon the job evaluation hierarchy combined with market values for benchmark jobs. Segal Waters recommended grade realignments for some positions to maintain their market competitiveness.
- New Police and Fire pay structures were developed to establish market-competitive pay ranges for each rank, and we recommended changing the step progressions from 4% to 2.5%.
- Segal Waters recommended base pay adjustments to range minimum for all employees whose current base salary is below range minimum of the applicable pay grade. Copies of the General, Fire Rescue and Police structures are provided in **Appendix C** of this report.

Pay Compression Adjustment

Segal Waters also recommended a pay compression (time-in-position) adjustment be included in the Implementation Cost Impact Analysis to alleviate identified compression issues. This adjustment for General employees is based on 2.0% above range minimum for each full year an employee is in her/his current position. The adjustment for Public Safety employees is based on 2.5% (step percentage) above range minimum for each two full years in position. Any employee whose base pay, after the adjustment to range minimum, falls below the time-in-position range value, will receive an adjustment to the calculated range value.

Pay compression is the situation that occurs when there is only a small difference in pay between employees regardless of their skills or experience. Pay compression is also referred to as salary compression.

Pay compression is the result of the market-rate for a given job outpacing the increases historically given by the organization to high tenured employees. Therefore, newcomers can only be recruited by offering them as much or more than senior professionals.

There are a multitude of reasons behind most incidents of pay compression, such as the following:

- Pay rates of new hires are greater than pay rates of incumbents
- Subordinate pay is greater than supervisor pay. (This typically occurs when the subordinate is overtime eligible.)

- Inefficient merit-pay programs. (In a true merit-based program, the merit pay received should be significantly higher for top performers. In many organizations, that difference is not significant enough to prevent pay compression.)
- During the recession, many organizations were faced with tight fiscal limitations and unable to provide pay increases or very small increases, however, still had to pay to get new talent.

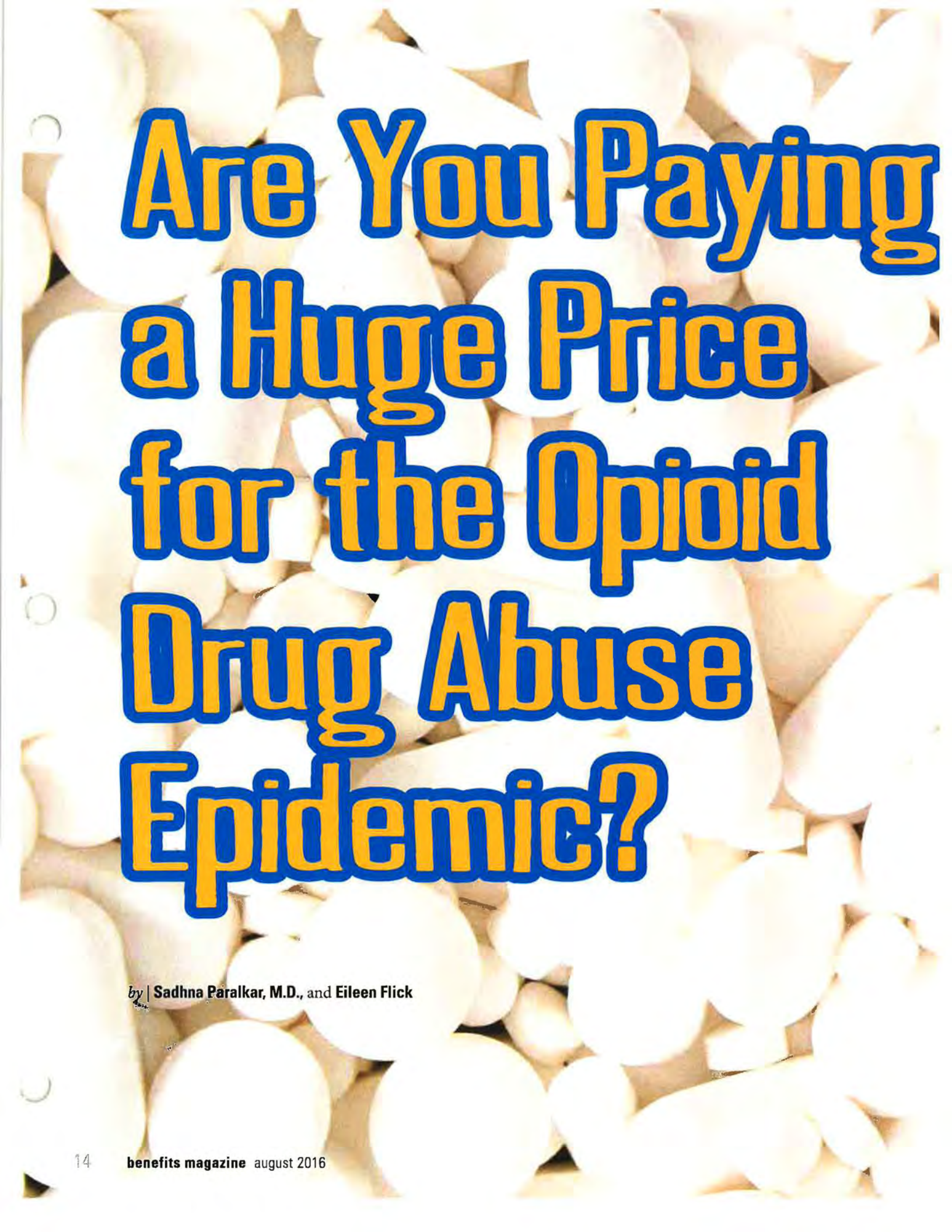
Pay Administration Guidelines

Recommended Pay Administration Guidelines are provided in **Appendix D**.

Appendix II – Segal Publications


We have included the following sample set of Segal's health publications for UAS to review at their leisure. UAS can find all other publications listed on our website, under the Publications and Resources tab, www.segalco.com.

- Segal's Second Quarter 2017
- 2017 Segal Health Plan Cost Trend Survey
- April 2017: "Congressional Efforts to Amend the Affordable Care Act Shall: What's next"
- April, 2016: " GASB's Updated Accounting Standards for Other Postemployment Benefits (OPEB)"
- August, 2016: "Are you paying a Huge Price for the Opioid Drug Abuse Epidemic?" article written by Sadhna Paralkar, Eileen Flick



Are You Paying a Huge Price for the Opioid Drug Abuse Epidemic?

by | **Sadhna Paralkar, M.D., and Eileen Flick**



Millions of health plan participants are addicted to or misusing opioid painkillers, leading to suffering, deaths and huge costs. Plan sponsors can take steps to try to protect themselves and participants.

benefits

MAGAZINE

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code. Unlike the 40 percent excise tax on high-cost plans, which would be paid by the plan sponsor, employees themselves would pay the income taxes owed on coverage that exceeds the cap.

A House leadership proposal that was *not* included in the American Health Care Act would set a cap on the tax exclusion at the 90th percentile of annual premiums for group health plans for a base year. For example, if 90 percent of premiums for single coverage were \$8,000 or lower, the cost of coverage exceeding that amount would be subject to income and payroll taxes. For future years, the cap would be indexed based on the Consumer Price Index plus two percentage points. Under this proposal, coverage for public safety employees would not be subject to the tax, but there would be no other exclusion or adjustment for individuals in high-risk professions or for retirees. Nor did the proposal include any special provisions or adjustments for collectively bargained plans or multiemployer plans.

Like the American Health Care Act, tax reform legislation would be structured as a budget reconciliation bill, which means that it could pass the Senate with a simple 51-vote majority.

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Other Possible Legislative Action

Other bills that Congress must act on may provide opportunities for Congress to make changes to the Affordable Care Act. The most pressing legislative vehicle that could attract health-related provisions is the extension of the current continuing resolution, which funds the federal government only through April 28, 2017.

Congress needs to fund the government for the remainder of the fiscal year ending September 30, 2017. Health insurers are hoping that Congress will appropriate funding that many believe is already owed to the insurers under current law. Without a satisfactory resolution of these issues, insurers may either stop selling policies in the state Exchanges/federal Marketplace or significantly increase premiums.

Insurers are looking for funding under two different parts of the Affordable Care Act:

- The cost-sharing subsidies that lower out-of-pocket costs for individuals with incomes under 250 percent of the federal poverty level² who purchase state Exchange/federal Marketplace coverage; and
- The risk-corridor payments that reimburse health insurers that have higher than expected claims costs.

The federal government is continuing to reimburse insurers for the cost-sharing subsidies while a court case challenging these payments is being appealed.³ However, those subsidies might stop if the Trump Administration abandons the appeal. The court has set May 22, 2017 as the deadline for a status report from the parties.

With respect to the risk-corridor program, Congress has stopped the Department of Health and Human Services (HHS) from making payments to insurers that exceed the amount of funds collected by HHS for this program from insurers as a whole.

Another legislative vehicle relates to the Children's Health Insurance Program (CHIP), which provides health care for approximately 8.4 million children in families whose incomes are too high for Medicaid, but for whom employer-sponsored coverage is unavailable. CHIP is permanently authorized, but without congressional action, states will not receive any new federal funds for coverage beyond September 30, 2017.

² For a single individual, 250 percent of the federal poverty level is approximately \$30,000.

³ The appeal is before the U.S. Court of Appeals for the D.C. Circuit. The case is *House v. Price* (formerly *House v. Burwell*).

update

Public Sector Benefits Compliance News

April 15, 2016

GASB's Updated Accounting Standards for Other Postemployment Benefits (OPEB)

The effective date of Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, is fast approaching. Statement No. 74, the first of two updated Governmental Accounting Standards Board (GASB) standards that address accounting and financial reporting by state and local governments for retiree health insurance and postemployment benefits other than pensions (OPEB), takes effect for fiscal years beginning after June 15, 2016. It applies to OPEB plans that administer benefits on behalf of governments. The other updated OPEB standard, Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which addresses reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments, takes effect one year later (for fiscal years beginning after June 15, 2017).¹

This publication summarizes the key requirements in the updated statements, which are intended to provide a more comprehensive picture of the costs associated with state and local governments' OPEB benefits. It also notes some of the implications. As a result of the changes, which are generally very similar to the changes GASB proposed in Exposure Drafts published in 2014,² sponsors of public sector plans will face significant additional work in order to prepare their financial statements.

The Changes

Frequency of Actuarial Valuations

At least every two years, actuarial valuations will be required for plans with 100 or more participants.³ Current standards require plans with fewer than 200 participants to perform triennial valuations. Plans with fewer than 100 participants will be offered an alternative measurement method to do their calculations.

Calculation and Recognition of OPEB Liabilities

GASB introduces the following changes for plans and sponsoring employers:

- The net OPEB liability, defined as the actuarial accrued liability offset by the OPEB plan's net fiduciary position (if assets exist), will have to be recognized.



Accounting Guidance Highlights:

- The effective date for plan reporting, Statement No. 74 is for fiscal years beginning after June 15, 2016 (later than the December 15, 2015 effective date proposed in the Exposure Draft).
- The effective date for plan sponsor reporting, Statement No. 75 is for fiscal years beginning after June 15, 2017 (later than the December 15, 2016 effective date proposed in the Exposure Draft.)

¹ Both statements, which GASB approved unanimously on June 2, 2015, can be accessed from [GASB's website](#).

² For a summary of what GASB proposed, see Segal Consulting's September 2014 *Bulletin*, "[GASB Exposure Drafts Propose New Disclosures for Other Postemployment Benefits \(OPEB\)](#)."

³ These include employees and retirees.

- The actuarial accrued liability will have to be determined using the entry age actuarial cost method with a level percentage of pay. (Under current accounting standards, plans and employers can choose among six different actuarial cost methods for determining their accrued OPEB liability.)
- The discount rate for pay-as-you-go plans will be based on a 20-year tax-exempt high-quality general obligation bond index. For funded plans, this bond rate may be blended in with the trust fund's expected rate of return on assets depending on the structure of the funding policy compared to benefit payment projections.
- The Affordable Care Act's excise tax on high-cost health plans⁴ will have to be taken into consideration in calculating the net OPEB liability.

The discount rate for pay-as-you-go plans will be based on a 20-year tax-exempt high-quality general obligation bond index.

New Definition of OPEB Expense

The OPEB expense will be defined as the change in the net OPEB liability from year to year with some limited deferrals allowed.

There is a special requirement for employers that provide insured benefits through an arrangement where premiums are paid to an insurance company while employees are in active service and the insurance company takes on the obligation to pay OPEB in retirement. Statement No. 75 requires those employers to recognize OPEB expense equal to the amount of annual contributions or premiums required by the agreement with the insurance company. In addition to the amount of OPEB expense/expenditures recognized in the current period, a brief description of the benefits provided through the arrangement is required to be disclosed.

New Disclosures for Cost-Sharing Employers

Cost-sharing employers⁵ will be required to disclose their proportionate share of the collective net OPEB liability and expense and their contributions to the plan. Cost-sharing employers must also disclose all of the items listed in the next section for their proportionate share.

Financial Statements

Financial statements will be required to include:

- A description of the OPEB plan,
- Significant assumptions and other inputs, including sources of assumptions and dates of different experience studies,
- Information about assets (*i.e.*, investments, investment policy, and methods to determine fair value of assets),
- Information about the selection of the discount rate and how it was determined,
- The net OPEB liability under five possible combinations of discount rate, the discount rate plus/minus 1 percent, the health care trend rate, and the health care trend rate plus/minus 1 percent,
- The OPEB plan's net fiduciary position (if the plan has assets),
- A schedule of changes in net OPEB liability in which plan changes are recognized immediately and other gains/losses are amortized,

⁴ Beginning in 2020, the Affordable Care Act imposes a 40 percent excise tax on the cost of high-cost health plans above a certain threshold. The base thresholds for 2018 are \$10,200 for self-only coverage and \$27,500 for all other coverage tiers, with higher thresholds available for certain participants. These thresholds will be indexed to 2020 and beyond.

⁵ Cost-sharing employers are those whose employees are provided a defined benefit OPEB plan through a multiple-employer plan in which the OPEB obligations to the employees of more than one employer are pooled and plan assets can be used to pay the benefits of the employees of any employer that provides OPEB through the OPEB plan.

- The measurement date,
- A narrative about the actuarial measurement process and changes, and
- A schedule showing the subsequent five years of amounts currently deferred to be recognized in expense and the aggregate amount thereafter.

Additionally, the net OPEB liability will be required to be recognized in the footnotes of the financial statements for plans and on the balance sheets for employers. GASB Statement No. 43, for plans, and Statement No. 45, for governments, which will be superseded by the new standards, require the unfunded liability to be reported in the notes for the plan. Under GASB Statement No. 74 and Statement No. 75, the OPEB expense will need to be recognized in the income statement for participating employers.

Required Supplementary Information

Required Supplementary Information will have to include the following information, determined as of the measurement date, for each of the 10 most recent fiscal years:

- The sources of changes in the net OPEB liability,
- The components of the net OPEB liability and related ratios, including the OPEB plan's net fiduciary position as a percentage of the total OPEB liability, and the net OPEB liability as a percentage of covered employee payroll, and
- A schedule of contributions, if actuarially determined, statutorily or contractually required, and the amounts recognized by the OPEB plan and covered employee payroll.

Implications

Statement No. 75 will bring the net OPEB liability front and center on the reporting entity's balance sheet. (Statement No. 74 requires that the net OPEB liability be reported in the footnotes to the financial statement.) Though total OPEB liabilities may be smaller than the entity's total pension liability, the *net* OPEB liability will often be larger than the *net* pension liability because OPEB is usually less well funded than pensions. With the size and risk of these obligations more prominently displayed, there is likely to be increased pressure to improve the funding of these obligations or redesign the plans to limit the obligations.

Recordkeeping issues could arise because of new requirements to allocate the net OPEB liability among employers participating in cost-sharing multiple-employer plans.

The standards are not funding standards and the calculations will not be appropriate for funding purposes. Employers that wish to begin prefunding OPEB on an actuarial basis, as well as those that are already prefunding, will need to ask for additional calculations of an actuarially determined contribution consistent with a funding policy that the employer will need to establish.

After all the recent changes in pension accounting, the new OPEB standards will bring a similar new focus to the management of the employer's other postemployment benefits.

What's Next?

GASB intends to publish Implementation Guides for Statements 74 and 75, one for each Statement. The proposed first guide, which will focus on implementation issues for plans, is scheduled to be released for a 60-day comment period in November 2016.

Statement No. 75 will bring the net OPEB liability front and center on the reporting entity's balance sheet.

data

Practical Research on Public Sector Benefits

Fall 2016

Double-Digit Rx Benefit Cost Trends Projected for 2017

Lower Cost Trends Projected for Health Plans, but their Rates Significantly Outpace Inflation and Wage Increases



Health benefit plan cost trend rates for 2017 are projected to be similar to prior levels for most medical plan options. However, carved-out prescription drug benefit cost trends for active populations continue to increase at double-digit rates, according to forecasts compiled in the 2017 *Segal Health Plan Cost Trend Survey*, Segal Consulting's 20th annual survey of managed care organizations (MCOs), health insurers, pharmacy benefit managers (PBMs) and third-party administrators (TPAs).¹ Health plan cost increases continue to significantly outpace general inflation and average wage increases. (See page 13 for a description of the survey methodology and page 14 for a list of survey participants.)

What Is Trend?

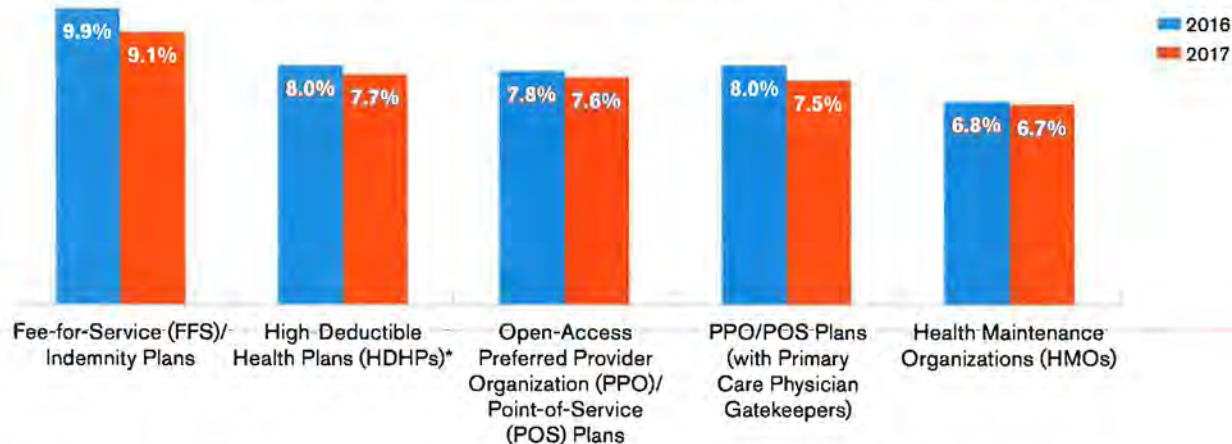
Trend is a forecast of per capita *claims cost increases* that takes into account various factors, including price inflation, utilization, government-mandated benefits, and new treatments, therapies and technology. Although there is usually a high correlation between a trend rate and the actual cost increase assessed by a carrier, trend and the net annual change in plan costs are *not* the same. Changes in the costs to plan sponsors can be significantly different from projected claims cost trends, reflecting such diverse factors as group demographics, changes in plan design, administrative fees, reinsurance premiums and changes in participant contributions.

¹ Trend forecasts are provided by the survey participants.

Medical Cost Trend Projections for Actives and Early Retirees Relatively Flat

For 2017, all medical cost trends for actives and retirees under age 65 are projected to be slightly lower — less than 1 percentage point — than 2016 projections.

Projected Medical Cost Trends for Actives and Retirees Under Age 65: 2016 and 2017



* This data is for HDHPs that meet minimum Internal Revenue Service amounts to qualify for health savings accounts (HSAs), a plan design that is increasingly referred to as an HSA-qualified plan.

Source: Segal Consulting, 2016

Observations Enrollment in HSA-qualified plans is growing, which suggests these plans may now be attracting participants who have higher medical risks compared to the early adopters of these plans. As a result, per-participant cost trends may be influenced by adverse selection between medical plan offerings. Sponsors of plans that cover lower-income workers should be aware that lower-income workers who switch to HSA-qualified plans are more likely than their higher-paid colleagues to avoid certain types of health care, according to new research by the Employee Benefit Research Institute (EBRI).² In contrast, HMO enrollment is relatively stable with longer histories of coverage, which perhaps minimizes the impact of adverse selection by new entrants.³

All medical cost trends for actives and retirees under age 65 are projected to be slightly lower.

² The EBRI analysis, which looked at actual health claims of one large Midwestern employer by workers' income levels, found significant differences for the use of some health services, but not for others. For instance, switching to an HSA-eligible health plan caused a decline in (nonpreventive) outpatient office visits for workers at all income levels, but the decline was twice as large for workers and their dependents with incomes less than \$50,000 as compared with those with incomes of at least \$100,000. The decline in specialist visits accounted for most of the decline in outpatient office visits among the group of workers with less than \$50,000 in income. Also, the HSA-eligible health plan was associated with a reduction in various preventive services by worker income. For example, lower-income workers reduced their use of influenza vaccinations more than higher-income workers. See EBRI's [August 2016 Issue Brief](#).

³ According to "National Health Expenditure Projections, 2015–25: Economy, Prices, and Aging Expected to Shape Spending and Enrollment," an article by Sean P. Keehan, John A. Poisal, Gigi A. Cuckler, Andrea M. Sisko, Sheila D. Smith, Andrew J. Madison, Devin A. Stone, Christian J. Wolfe and Joseph M. Lizonitz, which was published in the July 2016 issue of *Health Affairs*, nearly 25 percent of group health plans are estimated to be HDHPs in 2015, up from 20 percent in 2014.

Medical Trend Projections for Retirees Are Low but Rising

In contrast to medical trend projections for actives and retirees under age 65, projected medical trends for Medicare-eligible retirees are somewhat higher for 2017 compared to projections for 2016 — almost 1 percentage-point higher for Medicare Advantage (MA) HMOs.

Projected Medical Trends for Retirees Age 65 and Older: 2016 and 2017



Source: Segal Consulting, 2018

Observations The surge of Baby Boomers aging into the Medicare program helps lower the average cost per beneficiary for both Medicare and plan sponsors' supplemental coverage because 65-year-olds have noticeably lower health care costs than 75-year-olds. One of the forces putting pressure on plan sponsors' cost of coverage for Medicare-eligible retirees is rising prescription drug spending outpacing payments from the Centers for Medicare & Medicaid Services (CMS) under Part D to help subsidize these costs. In addition, increases in provider payments work to push up annual claim costs. The Affordable Care Act reformed the Medicare system to give providers incentives to improve the quality of care and reduce costs through such value-based purchasing initiatives as accountable care organizations (ACOs), primary care medical homes and bundled payments.⁴ Results from these programs are mixed. For example, there is growing evidence that inpatient hospital (Medicare Part A) claims are declining, but outpatient claim costs continue to increase at rates above the consumer price index (CPI). Any savings in inpatient claims generally results in savings to CMS, not to group health plans that supplement Medicare for their retirees. Plan sponsors should evaluate their Medicare offerings and arrangements and develop strategies that include rewards for improvements in vendor performance, CMS subsidies, administration, coordination of care management⁵ and costs.

Projected medical trends for Medicare-eligible retirees are somewhat higher for 2017 compared to projections for 2016.

⁴ ACOs are networks of providers and suppliers that agree to be jointly accountable for managing the health of participating populations across the care continuum. Medical homes, which are sometimes referred to as Patient-Centered Medical Homes (PCMHs), focus an increased level of comprehensive health care resources on primary care and prevention for patients with chronic conditions. "Bundled payments" refer to the reimbursement of health care providers on the basis of "expected" costs for the multiple services a patient receives during a clinically defined episode of care. ACOs and other value-based provider initiatives are primarily found in MA HMOs.

⁵ Care management is a promising team-based, patient-centered approach designed to assist patients and their support systems in managing medical conditions more effectively.

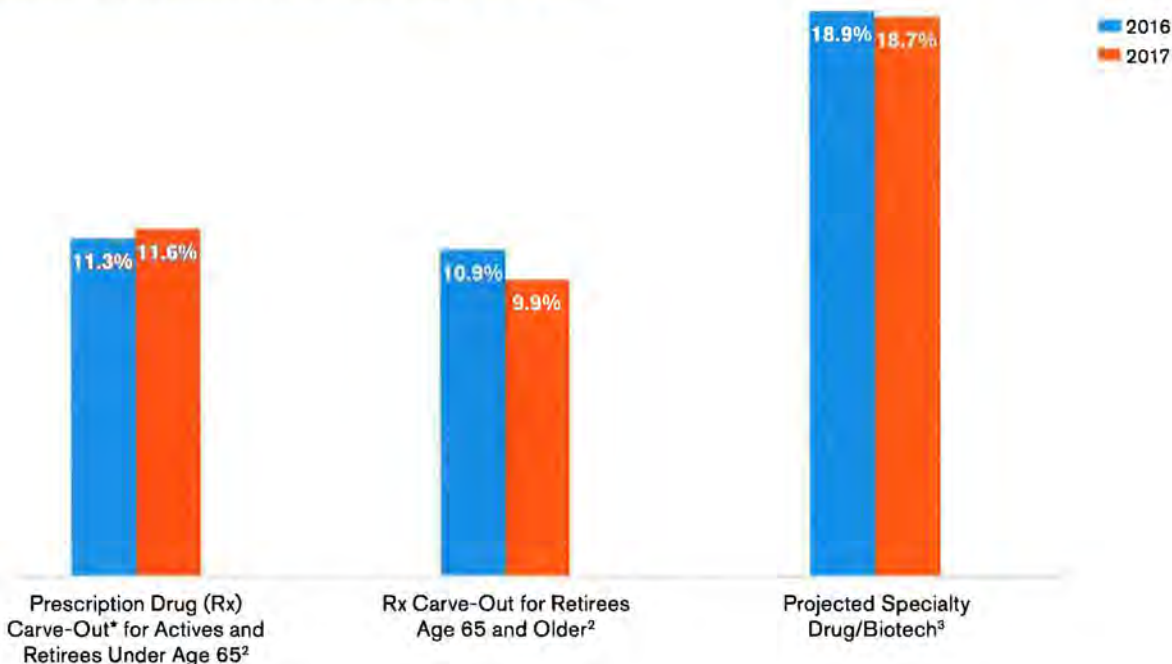
Prescription Drug Trend Projections Are High, Approaching 20 Percent for Specialty Drugs

Prescription drug trend for actives and early retirees is once again projected to be in the double digits. Moreover, it is expected to be higher than the 2016 projection. For Medicare-eligible retirees, prescription drug trend is also projected to be high, but lower than the 2016 projection.

The primary drivers of Rx benefit cost trends are cost price increases for brand-name non-specialty drugs and specialty medications, for which there is greater use. The projected specialty drug/biotech trend rate for 2017 is an exceptionally high 18.7 percent.

While typically less than 1 percent of all medications are specialty drugs, survey respondents indicated those drugs now account for 35 percent of total projected prescription drug cost trends for 2017. That is a 10-percentage point increase from only two years earlier when specialty drugs accounted for 25 percent of total projected prescription drug cost trends for 2015.

Projected Prescription Drug Trends: 2016 and 2017¹



¹ These results do not include the impact of rebates from PBMs.

² This data is for all prescription drugs (non-specialty and specialty drugs combined).

³ This data is for all coverage of specialty drugs and both age groups.

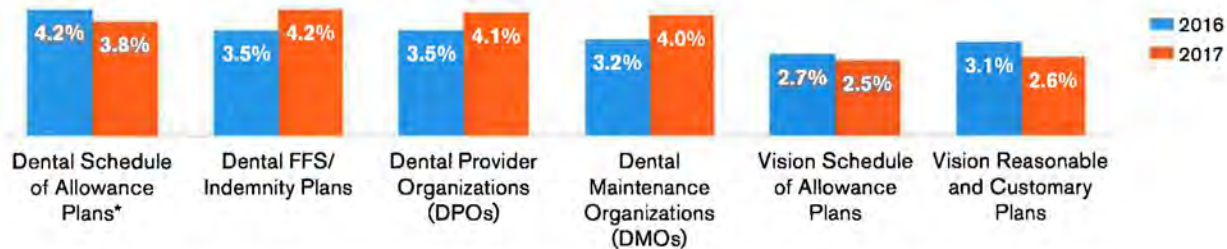
Source: Segal Consulting, 2016

Observations Given the increasing number of pharmaceutical products now available for conditions that require the use of specialty medications, plan sponsors should implement strategies to manage patients who use these drugs and target their costs. This can include utilization-management controls that were traditionally only available in the non-specialty drug market; formulary or preferred step-therapy; tiered copayment structure; and split fill and network management, including more aggressive specialty drug contracting terms that maximize client and patient value.

Trend Projections for Dental and Vision Coverage Are Much Lower than Trend Projections for Other Health Coverage

Trends for dental coverage are expected to be higher for 2017 compared to 2016 projections — except for dental schedule of allowance plans. The trend rate for both vision schedule of allowance plans and vision reasonable and customary plans are projected to decrease for 2017.

Projected Dental and Vision Trends: 2016 and 2017



* A schedule of allowance plan is a plan with a list of covered services with a fixed-dollar amount that represents the total obligation of the plan with respect to payment for services, but does not necessarily represent the provider's entire fee for the service.

Source: Segal Consulting, 2016

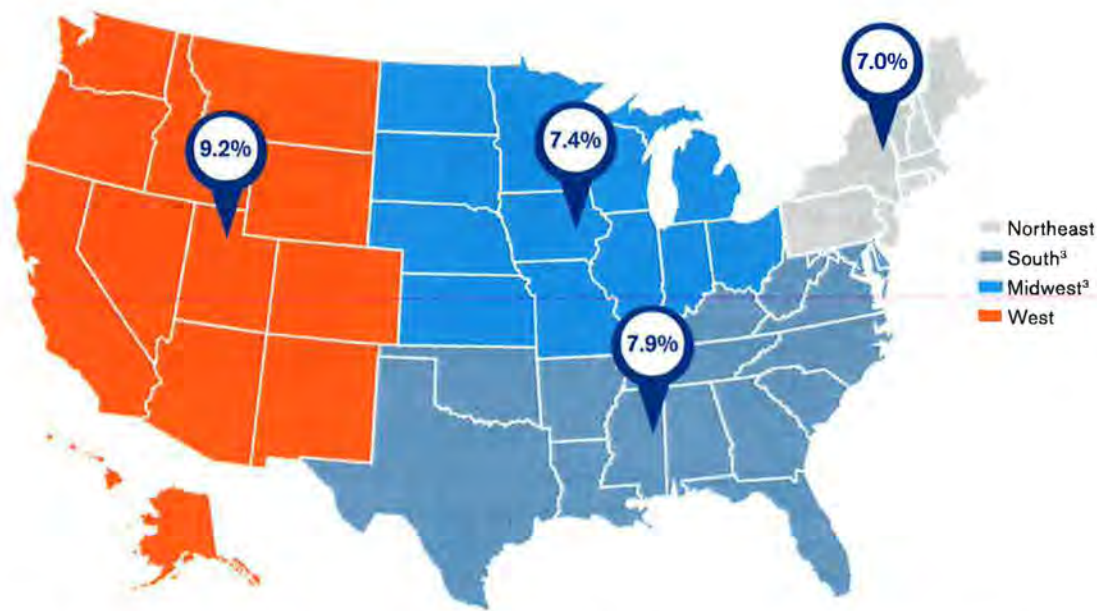
Observations Although projected trend rates for dental coverage are much lower than for medical and prescription drug coverage and dental coverage represents only about 10 percent of total health care costs, plan sponsors may want to consider taking advantage of opportunities to save money on their dental coverage. Dental Provider Organizations (DPOs) now offer substantial network-pricing discounts, which can expand the value of plan sponsors' dental benefits by 25 percent to 33 percent without increasing plan costs. Network access to contracted network dentists has improved dramatically in the last decade making a DPO a more viable option for plan sponsors that have not yet explored adding a DPO plan option to their benefit package. Recent new competition among vision network providers to gain market share may warrant a new look at vision provider networks.

Dental Provider Organizations (DPOs) now offer substantial network-pricing discounts, which can expand the value of plan sponsors' dental benefits by 25 percent to 33 percent without increasing plan costs.

Cost Trend Projections Vary by Region

The survey looked for regional variations in cost trend rates. The table below presents the results of that analysis for all PPO/POS plans, the most prevalent type of medical coverage.

Projected 2017 Medical Cost Trends for PPO/POS Plans¹ for Actives and Retirees Under Age 65 by Region²



¹ This analysis includes both open-access PPO/POS plans and PPO/POS plans with primary care physician gatekeepers.

² This analysis is based on the [U.S. Census Bureau's regions](#).

³ The results for this region are based on a limited sample size and, therefore, may not be representative of the region.

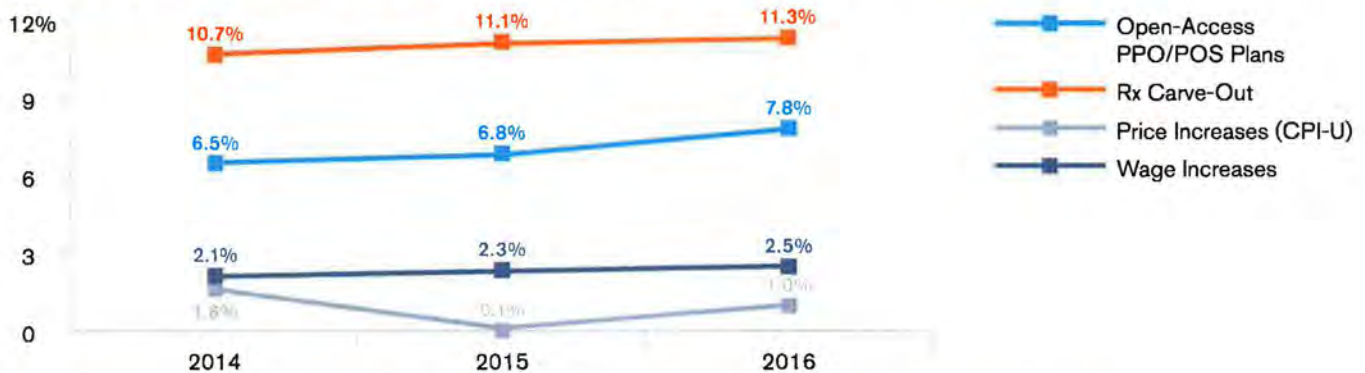
Source: Segal Consulting, 2016

Observations Regional competition among both health insurers and health care provider systems may play a role in health provider reimbursement rate changes and cost trends. As a result, the number of competitors with material market share in the Northeast, for example, may be helping to keep provider reimbursement fee increases to less severe levels. Several mergers of major insurers have been announced in the past year, including Aetna's proposed merger with Humana, and the Anthem-Cigna deal. While the U.S. antitrust regulators may block these deals, future consolidation could alter the competitive landscape of national managed care provider networks.

Cost Trend Rates Continue to Outpace Increases in Prices and Wages

For many plan sponsors, the increase in medical plan cost trends can be more than three times the rate of increase in wages.

Comparison of Selected Cost Trend Rates (2014–2015 Actual and 2016 Projected) to Price and Wage Increases for Actives and Retirees Under Age 65



Sources: Segal Consulting, 2016 (cost trend rates) and Bureau of Labor Statistics CPI-U through July 31, 2016 from [Consumer Price Index — July 2016](#) and wage increases from [Table B-3. Average hourly earnings of all employees on private nonfarm payrolls, seasonally adjusted](#).

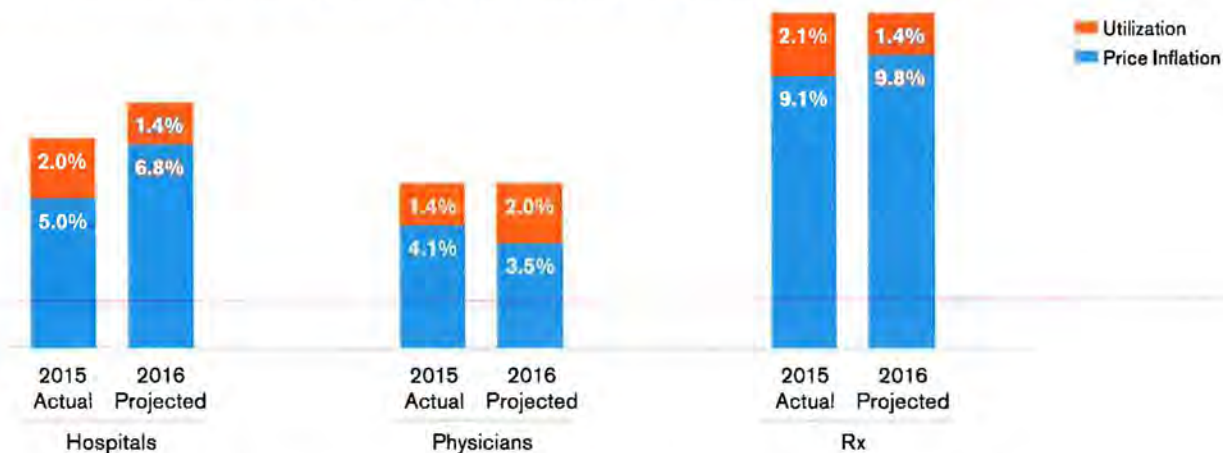
Observations Health care cost increases continue to outpace general inflation by almost eight times. Plan sponsors should consider implementing vendor performance guarantees that cap average network provider increases to overall CPI plus a margin, such as 1 percent or 2 percent. The goal for network providers should be to maintain network price increases to levels that are linking to overall CPI and to find ways to manage and avoid complications from disease that ultimately reduced claim costs.

For many plan sponsors, the increase in medical plan cost trends can be more than three times the rate of increase in wages.

Price Inflation Has Been the Leading Driver of Cost Trend

Price inflation for hospital services and prescription drugs are still the leading drivers of plan cost trend increases for 2016.

Components of 2015 Actual and 2016 Projected Cost Trends for Hospital Services, Physician Services and Prescription Drugs for Actives and Retirees Under Age 65*



* Hospital and physician cost trends are for open-access PPOs. The components do not add up to totals because there are other components of cost trend not illustrated, reflecting such factors as the impact of cost shifting, technology changes and drug mix. Not all survey respondents provided a breakdown of cost trend by component, which may produce results that vary from the overall prescription drug plan cost survey results found on page 4.

Source: Segal Consulting, 2016

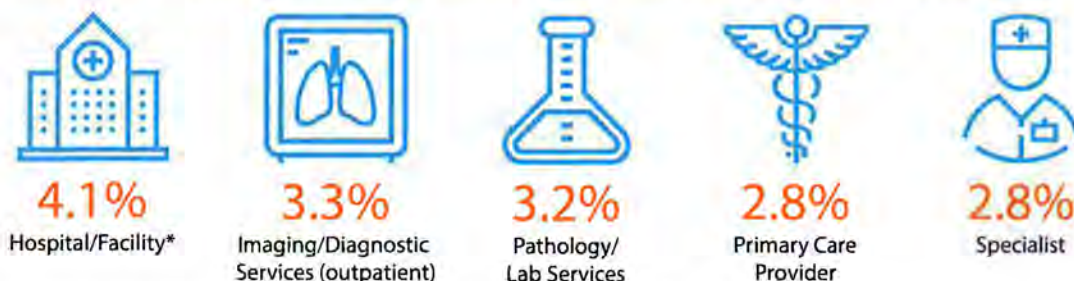
Observations Increases in the average wholesale prices of brand-name (and, in some cases, generic) drugs continue to have an impact on prescription drug price inflation. The recent price hike for drugs like EpiPen and Glumetza, which is used to treat type 2 diabetes, is a dramatic example of drug manufacturer pricing that requires attention from plan sponsors. Strategies include not covering these high-cost drugs or removing them from formularies where other therapy options are available, covering alternative drugs that are more cost effective and are clinically appropriate, and even lobbying policymakers into action.

Plan sponsors can put pressure on their health care provider networks to manage provider price inflation. In fact, Segal has helped clients secure price-inflation caps on network providers through contract negotiations during competitive bids so that the plans not only receive competitive network discounts today, but have guarantees that the increases in provider fees are reasonably tied to overall CPI.

Plan designs are an effective tool for affecting future utilization and plan costs. Plan sponsors can structure participant copayments to drive the right utilization and minimize visits to higher-cost settings when inappropriate. In essence, these “smart” plan designs create rational step-therapy-type incentives to reduce both participants’ cost sharing and plan costs. Realignment copayments to set the right relative cost sharing across treatment settings can achieve significant savings for plans. For example, plan participants seeking care for non-emergency issues in the emergency room (ER), rather than a less expensive option, like lower-cost, urgent-care centers or office-based care, can be given an incentive to use lower-cost settings with lower copays. Conversely, participants can be required to pay their fair share if they go to ER settings for truly non-urgent care. Raising or eliminating out-of-pocket expense limits on out-of-network provider coverage may reduce the level of non-network provider use where cost and billing practices can be substantially higher than network costs.

Another factor influencing cost trends is the network-negotiated reimbursement rates paid to providers. This often varies by type of service as noted in the illustration below.

Projected Average Increase in Reimbursement Allowance by Type of Service



* The projected average increase in reimbursement allowance for hospital/facility differs from the price inflation increase of 5.0% in the graph on page 8 because it includes new treatments, therapies and technology.

Source: Segal Consulting, 2016

Observations Managed care networks’ negotiated reimbursement rates differ by region, facility or specialists. Plan sponsors need to conduct a thorough analysis of a competing vendor’s current provider pricing, network leasing fees, provider payment alternatives and network panels. Plan sponsors also can now consider limited or narrow provider networks offered by managed care organizations, which offer deeper pricing concessions, but could compromise participants’ access to care. However, The Affordable Care Act is creating new minimal provider access standards by state, which may offer new protections to plan sponsors that would like to consider these narrow networks. Further, network evaluations should also include effective evaluation of medical management in addition to the impact of difference in network discounts.

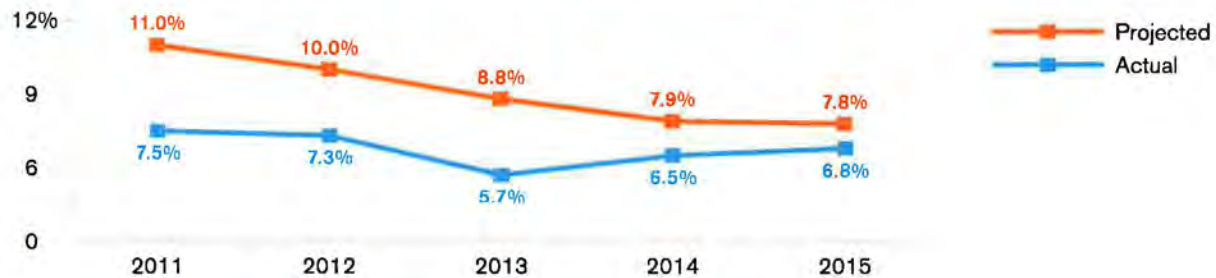
Our Analysis Finds Cost Trend Projections Are Typically Higher than Actual Experience

To assess the accuracy of cost trend projections, Segal compared the average 2015 cost of medical, prescription drug benefit and dental plans to the actual average cost trend rates experienced by the health plans covered by those organizations for the same 12-month period (the most recent full year for which actual data is available), as reported by the survey respondents. Consistent with the past four years, this year's findings support our observation that insurers tend to make conservative projections and confirm that cost trend projections have been generally higher than actual experience in most years.

There is a notable exception: projections for pharmacy cost trend were understated substantially in 2014 and 2015. This is primarily attributable to the high costs of drugs for treating Hepatitis C and significant spending on compounded medications.

Comparison of Projected to Actual Cost Trends: 2011–2015

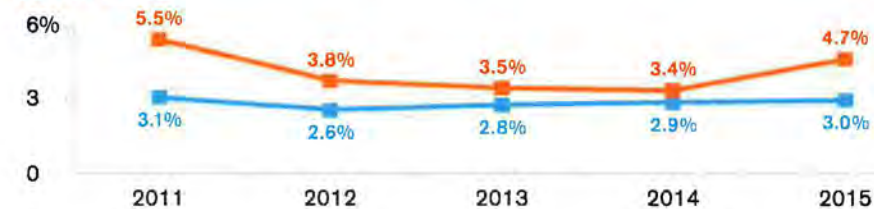
Open-Access PPO/POS Plans for Actives and Retirees Under Age 65¹



Rx² Carve-Out Coverage for Actives and Retirees Under Age 65



Dental PPOs



¹ All medical trend results exclude Rx.

² This data reflects retail and mail-order delivery channels combined.

Source: Segal Consulting, 2016

Observations An assessment of the accuracy of cost trend assumptions should be based on a comparison of projected cost trend to actual cost trend over multiple years. For example, difference between projected to actual cost trend over the past 15 years showed an average differential of 1.6 percentage points down for open-access PPO/POS plans and 2.2 percentage points up for prescription drug carve-out coverage.

The table below shows selected cost trends for 15 years (actual cost trends for 2003–2015 and projected cost trends for 2016 and 2017). Between 2013 and 2014, actual prescription drug cost trend nearly doubled from 5.5 percent to 10.7 percent, primarily because of the launch of new specialty drug options and brand-name drug price inflation. This was the largest single-year increase in actual prescription drug cost trend ever reported by the *Segal Health Plan Cost Trend Survey*.

Selected Medical,¹ Rx Carve-Out² and Dental Cost Trends: 2003–2015 Actual and 2016 and 2017 Projected³

Year	PPOs	POS Plans	HMOs	MA HMOs	Rx	DPOs
2003 Actual	12.0%	11.5%	11.5%	10.0%	14.3%	6.5%
2004 Actual	10.9%	11.6%	11.5%	11.4%	13.3%	6.2%
2005 Actual	10.4%	11.1%	10.6%	8.4%	10.5%	5.0%
2006 Actual	9.6%	10.0%	10.2%	7.2%	9.5%	5.1%
2007 Actual	8.9%	9.5%	9.8%	7.0%	7.9%	5.0%
2008 Actual	9.7%	9.4%	9.7%	7.7%	7.4%	5.5%
2009 Actual	9.5%	9.7%	10.2%	4.0%	7.9%	4.7%
2010 Actual	7.6%	8.3%	8.7%	3.6%	6.4%	3.0%
2011 Actual	7.5%	7.8%	8.0%	4.5%	5.0%	3.1%
2012 Actual	7.3%	8.4%	6.7%	3.0%	5.5%	2.6%
2013 Actual	5.7%	6.7%	6.1%	3.1%	5.5%	2.8%
2014 Actual	6.5%	7.6%	6.3%	1.9%	10.7%	2.9%
2015 Actual	6.8%	6.9%	6.4%	4.2%	11.1%	3.0%
2016 Projected	7.8%	8.0%	6.8%	3.5%	11.3%	3.5%
2017 Projected	7.6%	7.5%	6.7%	4.4%	11.6%	4.1%

¹ Medical cost trends exclude prescription drug coverage.

² Prescription drug cost trend data for 2003–2007 only reflects retail. For 2008–2017, prescription drug retail and mail-order delivery channels are combined.

³ All cost trends are illustrated for actives and retirees under age 65, except for the MA HMOs. (A graph comparing 15 years of survey data — 2003 through 2015 actual cost trends and 2016 and 2017 projected cost trends — is available as a [supplement to this report](#).)

Source: Segal Consulting, 2016

A Range of Cost-Management Strategies Are Being Used

As health plan cost trends continue to increase, plan sponsors continue to use various cost-management strategies. Survey participants were asked to rank the top cost-management strategies implemented by group health plans in 2016. Each strategy was rated from 5 (frequently applied) to 1 (not being applied). Here are the top five based on averages of these ratings, which are shown in parentheses:

1. Using specialty pharmacy management (4.4);
2. Intensifying pharmacy management program (4.3);
3. Contracting with value-based providers, including accountable care organizations (ACOs) and Patient-Centered Medical Homes (PCMHs) (3.8);
4. Adding low-cost primary care access through strategies such as telemedicine, walk-in clinics and on-site clinics (3.5); and
5. Increasing financial incentives in wellness design (3.3).

Other cost-management strategies implemented in 2016 include high-deductible health plans (HDHPs) (3.3); narrow, limited or restricted provider networks (2.7); Medicare Employer Group Waiver Plans (EGWPs) (2.4); a defined contribution approach with or without use of a private Exchange (2.1); and reference-based pricing for specific medical procedures, such as hip or knee replacement (1.3).

Observations Plan sponsors will need to apply multiple management strategies to bring health cost trends down to more sustainable levels. Each plan sponsor has a unique set of goals and cost drivers. Segal's health benefit experts can present a range of solutions that are tailored to each client's needs. We present a plan sponsor with options and note the potential plan cost savings and the impact on plan participants. By targeting solutions and strategies that address plan design, aggressive vendor contracting and measurable population health improvement, we can help clients meet their health benefit objectives.

Refining Your Approach to Managing Costs

An ability to understand participant coverage needs, appropriate levels of choice, employee affordability and service preferences will allow plan sponsors to focus on design and strategies that are most appropriate for their population. Data analytics and predictive modeling can be used to help understand true drivers of costs and uncover substantial savings. Data-driven techniques are often used by high-performing plan sponsors to continuously assess their investments needed for more efficient and effective care without simply shifting costs to participants.

A concerted effort to explore what health care conditions drive the most cost, what providers and treatments produce the best value and what levers and incentives help change an individual's behavior to drive healthier lifestyles can reduce long-term claim cost trends. This will allow plan sponsors to maintain control over providing high-value medical benefits that are well received by current and future participants.

Methodology and the Survey Participants

During the summer of 2016, Segal surveyed managed care organizations (MCOs), health insurers, pharmacy benefit managers (PBMs) and third-party administrators (TPAs) using a detailed, two-page questionnaire. The survey captures average forecasted changes in health plans' per capita claims costs for medical, prescription drug, dental and vision coverage for 2017, before plan changes are taken into account. Cost trends for carve-out prescription drug plans do not reflect the impact of rebates from PBMs. In addition, the survey collected actual cost trends for 2015 based on respondents' group health plan experience.

Nearly 100 insurance providers participated in the 2017 *Segal Health Plan Cost Trend Survey*. A count of participants who submitted responses by coverage category follows.

Medical Plans

Fee-for-Service (FFS)/Indemnity Plans	26
High-Deductible Health Plans (HDHPs)	42
Open-Access Preferred Provider Organization (PPO)/Point-of-Service (POS) Plans	27
PPO/POS Plans (with Primary Care Physician Gatekeepers)	37
Health Maintenance Organizations (HMOs)	37

Prescription Drug Carve-Out Plans 56

Dental Plans

Dental Schedule of Allowance Plans	19
Dental FFS/Indemnity Plans	58
Dental Provider Organizations (DPOs)	65
Dental Maintenance Organizations (DMOs)	46

Vision Plans

Vision Schedule of Allowance Plans	25
Vision Reasonable and Customary Plans	26

The survey captures average forecasted changes in health plans' per capita claims costs for medical, prescription drug, dental and vision coverage for 2017, before plan changes are taken into account.

The following respondents agreed to be identified by name:

Advantica	Delta Dental of Delaware	Highmark Blue Cross Blue Shield
Aetna	Delta Dental of the District of Columbia	Highmark Blue Cross Blue Shield of Delaware
Amalgamated Life	Delta Dental of Idaho	Highmark Blue Cross Blue Shield of West Virginia
American Health Care	Delta Dental of Iowa	Highmark Blue Shield
AmeriHealth New Jersey	Delta Dental of Massachusetts	Horizon Blue Cross Blue Shield of New Jersey
Anthem, Inc.	Delta Dental of Minnesota	Humana
BeneCare Dental Plans	Delta Dental of Missouri	Independence Blue Cross
Blue Cross Blue Shield of Alabama	Delta Dental of Nebraska	Kaiser Foundation Health Plan, Inc.
Blue Cross Blue Shield of Arizona	Delta Dental of New Jersey	MagnaCare
Blue Cross Blue Shield of Michigan	Delta Dental of New York	Medica Health Plans
Blue Cross Blue Shield of Minnesota	Delta Dental of Pennsylvania	Medical Mutual
Blue Cross Blue Shield of North Carolina	Delta Dental of South Dakota	Metropolitan Life Insurance Company
Blue Cross of Idaho	Delta Dental of Virginia	National Vision Administrators, LLC
Blue Shield of California	Delta Dental of Washington	Navitus Health Solutions
BlueCross BlueShield of Tennessee	Delta Dental of West Virginia	Nippon Life Insurance Company
Cambia Health Solutions	Delta Dental Plan of Maine (part of Northeast Delta Dental affiliation)	Optum Rx
Capital BlueCross	Delta Dental Plan of New Hampshire (part of Northeast Delta Dental affiliation)	Prime Therapeutics LLC
Care Plus DentalPlans	Delta Dental Plan of Vermont (part of Northeast Delta Dental affiliation)	ProAct, Inc.
CareFirst BlueCross BlueShield	EmblemHealth	Sav-Rx Prescription Services
Cigna	Envision Pharmaceutical Services, LLC	Starmark
CVS Caremark	Express Scripts, Inc.	Sun Life Financial
Davis Vision	Group Vision Service	Tufts Health Plan
Delta Dental Insurance Company (DDIC)	Harvard Pilgrim Health Care	United Concordia Dental
Delta Dental of Arizona	Health Alliance Medical Plans	UnitedHealthcare
Delta Dental of Arkansas	Health Net, Inc.	Voya Financial
Delta Dental of California		Wellmark BCBS of South Dakota
Delta Dental of Colorado		Wellmark Blue Cross and Blue Shield

Questions? Feedback? Contact Us.

For assistance with health care cost-management strategies, contact your Segal consultant or one of the following experts:

Edward A. Kaplan	Eileen Flick	Howard Goldsmith	Richard Ward
212.251.5212	212.251.5120	212.251.5258	818.956.6714
ekaplan@segalco.com	eflick@segalco.com	hgoldsmith@segalco.com	rward@segalco.com

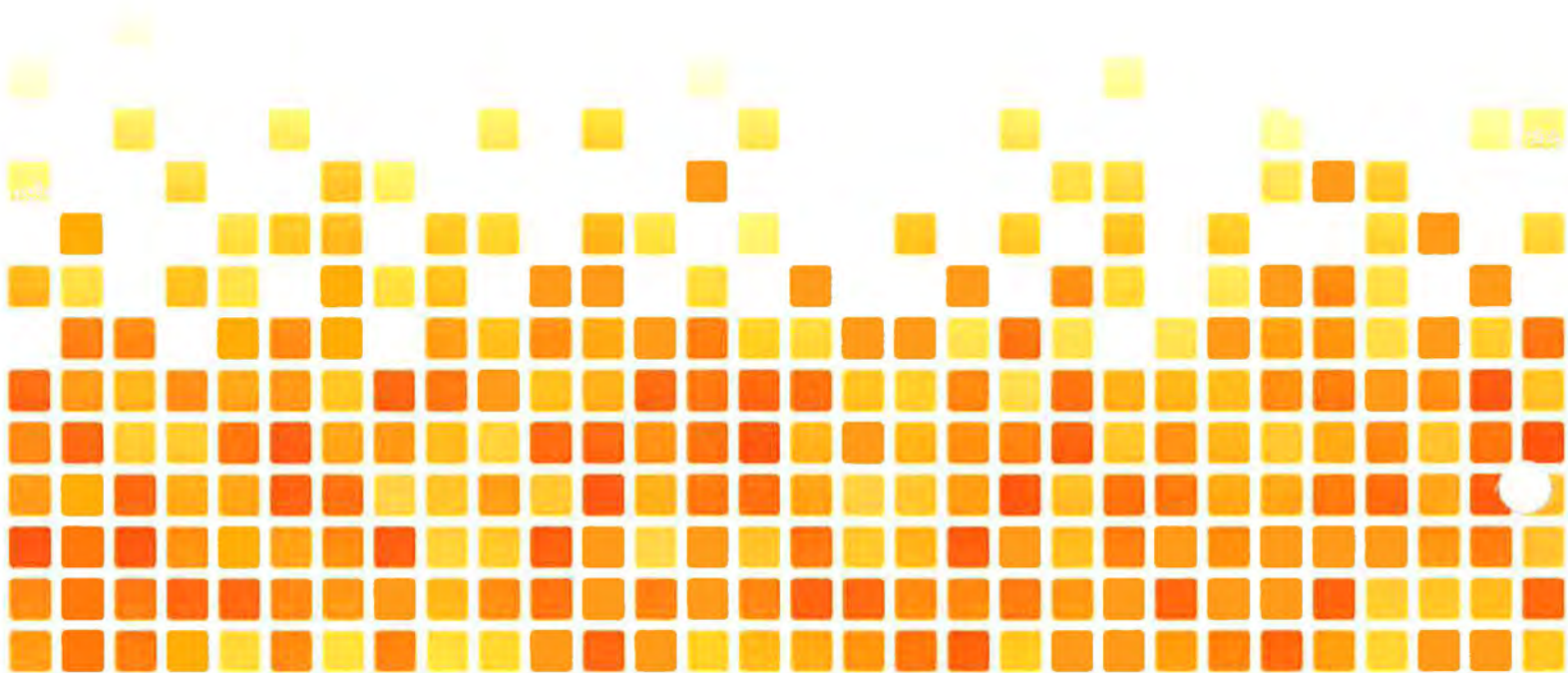
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Appendix III – Exceptions Form

Section 0630: Exceptions Form

Solicitation Number: RWS0503

The City will presume that the Offeror is in agreement with all sections of the solicitation unless the Offeror takes specific exception as indicated below. The City, at its sole discretion, may negotiate exceptions to the sections contained in the solicitation documents, or the City may deem the Offer non-responsive. The Offeror that is awarded the contract shall be required to sign the contract with the provisions accepted or negotiated.

Copies of this form may be utilized if additional pages are needed.

Please see our responses below.

<input type="checkbox"/> Accepted as written. below:	<input checked="" type="checkbox"/> Not accepted as written. See						
<p>Indicate:</p> <ul style="list-style-type: none"><input type="checkbox"/> 0300 Standard Purchase Terms & Conditions<input type="checkbox"/> 0400 Supplemental Purchase Provisions<input type="checkbox"/> 0500 Scope of Work<input type="checkbox"/> 0610 Business Organization Information<input type="checkbox"/> 0620-1 Performance Measures-Benefits Programs<input type="checkbox"/> 0620-2 Performance Measures-Compensation Programs<input type="checkbox"/> 0640 HIPAA Business Associate Agreement							
<table border="1" style="width: 100%; border-collapse: collapse;"><thead><tr><th style="width: 25%;">Page Number</th><th style="width: 25%;">Section Number</th><th style="width: 50%;">Section Description</th></tr></thead><tbody><tr><td colspan="3" style="padding: 10px;"><p>Alternative Language:</p> <p>Justification Segal's Office of General Counsel has reviewed the terms and conditions of this Request for Proposal and has suggested the following exceptions in redline format.</p><p>We will be glad to discuss any or all of these requested changes with the City to agree on mutually acceptable language to reach a final contract. Please let us know if you desire to discuss any of these items and we will immediately schedule a conference call with our General Counsel at your convenience.</p></td></tr></tbody></table>		Page Number	Section Number	Section Description	<p>Alternative Language:</p> <p>Justification Segal's Office of General Counsel has reviewed the terms and conditions of this Request for Proposal and has suggested the following exceptions in redline format.</p> <p>We will be glad to discuss any or all of these requested changes with the City to agree on mutually acceptable language to reach a final contract. Please let us know if you desire to discuss any of these items and we will immediately schedule a conference call with our General Counsel at your convenience.</p>		
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We do ask the City to allow Segal the right to negotiate the final terms and conditions if we are

awarded the engagement.

Segal has provided a list of exceptions and modification, along with justifications, as listed by each section of the proposal (and **Section 0630: Exceptions Form**) in order to save space.

☒ 0400 Supplemental Purchase Provisions

Page Number:

B. Specific Coverage Requirements: The Contractor shall at a minimum carry insurance in the types and amounts indicated below for the duration of the Contract, including extension options and hold over periods, and during any warranty period. These insurance coverages are required minimums and are not intended to limit the responsibility or liability of the Contractor.

ii. **Commercial General Liability Insurance:** The minimum bodily injury and property damage per occurrence are \$500,000 for coverages A (Bodily Injury and Property Damage) and B (Personal and Advertising Injury).

(1) The policy shall contain the following provisions:

(a) Contractual liability coverage for liability assumed under the Contract and all other Contracts related to the project.

(b) Contractor/S1 ~~uncontracted~~ Work.

iii. **Business Automobile Liability Insurance:** The Contractor shall provide coverage for all ~~owned~~, non-owned and hired vehicles with a minimum combined single limit of \$500,000 per occurrence for bodily injury and property damage. Alternate acceptable limits are \$250,000 bodily injury per person, \$500,000 bodily injury per occurrence and at least \$100,000 property damage liability per accident.

(1) The policy shall include these endorsements in favor of the City of Austin:

(a) Waiver of Subrogation, Endorsement CA0444, or equivalent coverage

(b) Thirty (30) days Notice of Cancellation, Endorsement CA0244, or equivalent coverage

(c) The City of Austin listed as an additional insured, Endorsement CA2048, or equivalent coverage.

iv. **Professional Liability Insurance:** The Contractor shall provide coverage, at a minimum limit of \$5,000,000 per claim, ~~and in the aggregate~~, to pay on behalf of the assured all sums which the assured shall become legally obligated to pay as damages by reason of any negligent act, error, or omission arising out of the performance of professional services under this Agreement.

If coverage is written on a claims-made basis, the ~~retroactive policy term~~ date shall be prior to or coincident with the date of the Contract and the certificate of insurance shall state that the coverage is claims-made ~~and indicate the retroactive date~~. This coverage shall be continuous and will be provided for 24 months following the completion of the contract.

JUSTIFICATION:

Updated to reflect Segal's insurance policies and procedures.

☒ 0400 Supplemental Purchase Provisions

Page Number:

OWNERSHIP AND USE OF DELIVERABLES: ~~The City shall own all rights, titles, and interests throughout the world in and to the Deliverables.~~

~~A. **Patents:** As to any patentable subject matter contained in the Deliverables, the Contractor agrees to disclose such patentable subject matter to the City. Further, if requested by the City, the Contractor agrees to assign and, if necessary, cause each of its employees to assign the entire right, title, and interest to specific inventions under such patentable subject matter to the City and to execute, acknowledge, and deliver and, if necessary, cause each of its employees to execute, acknowledge, and deliver an assignment of letters patent, in a form to be reasonably approved by the City, to the City upon request by the City.~~

~~B. **Copyrights:** As to any Deliverable containing copyrighted subject matter, the Contractor agrees that upon their creation, such Deliverables shall be considered as work made for hire by the Contractor for the City and the City shall own all copyrights in and to such Deliverables, provided however, that nothing in this Paragraph 36 shall negate the City's sole or joint ownership of any such Deliverables arising by virtue of the City's sole or joint authorship of such Deliverables. Should by operation of law, such Deliverables not be considered work made for hire, the Contractor hereby assigns to the City (and agrees to cause each of its employees providing services to the City hereunder to execute, acknowledge, and deliver an assignment to the City of Austin) all worldwide right, title, and interest in and to such Deliverables. With respect to such work made for hire, the Contractor agrees to execute, acknowledge and deliver and cause each of its employees providing services to the City hereunder to execute, acknowledge, and deliver a work-for-hire agreement, in a form to be reasonably approved by the City, to the City upon delivery of such Deliverables to the City or at such other time as the City may request.~~

~~C. **Additional Assignments:** The Contractor further agrees to, and if applicable, cause each of its employees to execute, acknowledge, and deliver all applications, specifications, oaths, assignments, and all other instruments which the City might reasonably deem necessary in order to apply for and obtain copyright protection, mask work registration, trademark registration and/or protection, letters patent, or any similar rights in any and all countries and in order to assign and convey to the City, its successors, assigns, and nominees, the sole and exclusive right, title, and interest in and to the Deliverables. The Contractor's obligations to execute, acknowledge, and deliver (or cause to be executed, acknowledged, and delivered) instruments or papers such as those described in this Paragraph 36 A., B., and C. shall continue after the termination of this Contract with respect to such Deliverables. In the event the City should not seek to obtain copyright~~

~~protection, mask work registration or patent protection for any of the Deliverables, but should arise to keep the same secret, the Contractor agrees to treat the same as Confidential Information under the terms of Paragraph above.~~

Except to the extent that they incorporate Contractor's proprietary software, know-how, techniques, methodologies and report formats (collectively, "Contractor's Proprietary Information"), all documents, data, and other tangible materials authored or prepared and delivered by Contractor to City under the terms of this Agreement (collectively, the "Deliverables"), are the sole and exclusive property of City, once paid for by City. To the extent Contractor's Proprietary Information is incorporated into such Deliverables, City shall have a perpetual, nonexclusive, worldwide, royalty-free license to use, copy, and modify Contractor's Proprietary Information as part of the Deliverables internally and for their intended purpose.

JUSTIFICATION:

As consultants, Segal's only real asset is its intellectual property and, as such, we cannot agree to assign ownership rights in any intellectual property - either pre-existing or discovered in the course of providing service to a given client - to any client. This benefits all of Segal's clients, in that each client is able to receive the benefit of Segal's expertise and new discoveries. Our proposed approach is to transfer ownership of everything in a deliverable other than our intellectual property and grant a very broad license to use the intellectual property incorporated into the deliverable for its intended purpose.

☒ 0640 HIPAA Business Associate Agreement

Page Number: 1 of 5

2. Permitted Uses and Disclosures of Protected Health Information by Business Associate.

A. The Business Associate may use or disclose Protected Health Information for the following purposes only: (i) to receive and process claims for payment for eligible Program participants; (ii) to maintain claims history and patient profiles; (iii) to maintain current eligibility data on Program participants; and (iv) for the management and administration of its internal business processes that relate to its legal responsibilities and its responsibilities under the services contract between the City and the Business Associate; and (v) to provide data aggregation services relating to the City's health care operations.

JUSTIFICATION:

Segal has added data aggregation here to keep the permitted uses & disclosures consistent with what appears later in the agreement.

We will only provide data aggregation services if the City requests them; however, if they are specifically permitted by the BAA, it would result in a HIPAA violation. We add

permission to conduct them in all BAAs to provide maximum flexibility to our clients during the term of our work.

☒ **0640 HIPAA Business Associate Agreement**

Page Number: 2,3 of 5

B. The Business Associate may use or disclose Protected Health Information as required by law.

~~C.~~ The Business Associate may de-identify the protected health information and may use or disclose such de-identified information.

JUSTIFICATION:

Segal has added permission to de-identify data. We use de-identified data in two ways: (1) our employees routinely de-identify PHI to extent they receive more identifiers than necessary and (2) we use it for benchmarking. The more information we are able to de-identify and incorporate into our benchmarks, the more accurate our benchmarks are, which leads to better service to all of our clients.

~~C.D.~~ The Business Associate shall make its internal practices, books and records, including policies and procedures, relating to the use and disclosures of Protected Health Information available to the Secretary of the United States Department of Health and Human Services for purposes of determining compliance with HIPAA.

~~D.E.~~ Within ten (10) calendar days of receipt of a request by the City, the Business Associate shall permit any individual whose Protected Health Information is maintained by the Business Associate to have access to and to copy his or her Protected Health Information, in the format requested, unless it is not readily producible in such format, in which case it shall be produced in hard copy format. In the event any individual requests access to Protected Health Information held by the Business Associate directly from the Business Associate, the Business Associate shall, ~~within two (2) days~~ forward such request to the City as soon as possible upon receipt.

JUSTIFICATION:

Segal has struck the 2-day time frame to allow for situations outside of our control (holidays, pre-planned vacation of appropriate staff members, etc.) and replaced with "as soon as possible." Given the nature of our business, it is unlikely that an individual would request information directly from us.

3. Prohibitions on Use and Disclosure of Protected Health Information by Business Associate.

A. The Business Associate will not use or further disclose ~~Personal Protected~~ Health Information except as permitted or required by this Agreement, or as required by law.

B. The Business Associate shall not sell Protected Health Information, including patient or enrollee lists, nor use any Protected Health Information to engage in "marketing," as that term is defined in 45 CFR Part 164.501

C. The Business Associate shall not disclose ~~Personal~~ Protected Health Information to any member of its workforce unless the Business Associate has advised such person of the Business Associate's obligations under this Agreement and of the consequences for such person and for the Business Associate of violating them.

D. The Business Associate shall not disclose ~~Personal~~ Protected Health Information to any Agent, Subcontractor or other third party unless disclosure is required by law, or unless expressly approved in advance by the City in writing. Any such disclosure shall be made in accordance with 45 CFR Parts 164.502 and 164.308, and only upon the written agreement of the Agent, Subcontractor or other third party which shall include, at a minimum:

i. The agreement of such Agent, Subcontractor or other third party that creates, receives, maintains, or transmits protected health information on behalf of the Business Associate agree to be bound to the same or more stringent restrictions, conditions and requirements that apply to Business Associate with respect to such information;

ii. Reasonable assurances from such Agent, Subcontractor or other third party that PersonalProtected Health Information will be held confidential as provided in this Agreement, and only disclosed as required by law or for the purposes for which it was disclosed to such Agent, Subcontractor or other third party; and

iii. An agreement from such Agent, Subcontractor or other third party to immediately notify the Business Associate of any breaches of the confidentiality of PersonalProtected Health Information, to the extent it has obtained knowledge of such breach.

4. Safeguards for Protected Health Information.

A. The Business Associate shall implement appropriate safeguards to prevent use or disclosure of ~~Personal~~ Protected Health Information other than as permitted by this Agreement. The Business Associate shall provide the City with information concerning such safeguards as the City may from time to time request. Upon reasonable request, the Business Associate shall give the City access for inspection and copying to the Business Associate's facilities used for the maintenance and processing of ~~Personal~~ Protected Health Information, and to its books, records, practices, policies, and procedures concerning the use and disclosure of ~~Personal~~ Protected Health Information.

JUSTIFICATION:

There are several references to "Personal Health Information" which is not a defined term in the Agreement or in HIPAA. We believe this is simply a scrivener's error and have replaced them with "Protected Health Information" for internal consistency.

☒ 0640 HIPAA Business Associate Agreement

Page Number: 3 of 5

B. The Business Associate and any Agent or Subcontractor shall comply with the minimum necessary requirements set forth in the HIPAA Rules when using or disclosing ~~Personal Protected~~ Health Information. The Business Associate also agrees to mitigate, to the extent possible, any harmful effects of an improper use or disclosure of ~~Personal Protected~~ Health Information by the Business Associate in violation of the requirements of this Agreement. The Business Associate shall make its internal practices, books, records, including policies and procedures, related to the use and disclosures of protected health information available to the Secretary of the United States Department of Health and Human Services, for purposes of determining compliance with HIPAA.

C. The Business Associate shall maintain a record of all ~~Personal Protected~~ Health Information disclosures made other than for the permitted purposes of this Agreement, including the date of disclosure, the name and, if known, the address of the recipient of the ~~Personal Protected~~ Health Information, a brief description of the ~~Personal Protected~~ Health Information disclosed, and the purposes of the disclosures.

E. Within ten (10) calendar days of notice by the City to the Business Associate that the City has received a request for an accounting of disclosures of ~~Personal Protected~~ Health Information regarding an individual, the Business Associate shall make available to the City such information as is in the Business Associate's possession and is required for the City to make the accounting.

JUSTIFICATION:

There are several references to "Personal Health Information" which is not a defined term in the Agreement or in HIPAA. We believe this is simply a scrivener's error and have replaced them with "Protected Health Information" for internal consistency.

☒ 0640 HIPAA Business Associate Agreement

Page Number: 3 of 5

F. ~~Within five (5) business days of becoming aware of a use or disclosure of Personal Health Information in violation of this Agreement by the Business Associate, Agent or Subcontractor, t~~The Business Associate shall report to the City any use or disclosure of Protected Health Information not provided for by this Agreement of which it becomes aware, including breaches of unsecured Protected Health Information as required at 45 CFR 164.410, and any security incident of which it becomes aware such disclosure or use in writing to the City and describe the remedial action taken or proposed to be taken with respect to such use or disclosure. For purposes of reporting

under this Section, the definition of Security Incident shall be limited to the successful unauthorized access, use, disclosure, modification, or destruction of information or interference with system operations in an information system.

JUSTIFICATION:

#1 - Segal has replaced this section with the language from the HHS model provisions. There is no that notification be in writing & there may be instances where a telephone or other verbal notice is appropriate. The only temporal notification requirement is the 60-day standard in the Breach Notification Rule (45 CFR 164.410) and we haven't agreed to a 5 business day standard.

#2 - This language is to address the "ping in the firewall" problem inherent in the definition of Security Incident in the rules. We are happy to discuss alternative language to address this issue.

☒ 0640 HIPAA Business Associate Agreement

Page Number: 4 of 5

J. The Business Associate may not use or disclose protected health information in a manner that would violate Subpart E of 45 C.F.R. Part 164 if done by the City except for the specific uses and disclosures set forth below:

i. The Business Associate may use protected health information for the proper management and administration of the Business Associate or to carry out the legal responsibilities of the Business Associate.

JUSTIFICATION:

This addition is to make this language consistent with the permitted uses and disclosures above.

☒ 0640 HIPAA Business Associate Agreement

Page Number: 4 of 5

5. Term of this Agreement; Termination; Procedures upon Termination.

A. This Agreement shall become effective upon execution by the parties, and shall be effective as of the date of the last party to sign.

B. The term of this Agreement shall expire with the close of business the contract expiration date. Provided, that either party may terminate this Agreement on any basis at any time prior to the expiration of the term upon written notice to the other party.

C. Except as provided in paragraph D, below, upon termination of this Agreement, the Business Associate shall return or destroy all **Personal Protected** Health Information received from the City, or created or received by the Business Associate on behalf of

the City. This provision shall also apply to Personal Protected Health Information that is in the possession of Agents or Subcontractors of the Business Associate. The Business Associate shall retain no copies of the Personal Protected Health Information.

D. In the event that the Business Associate determines that returning or destroying the Personal Protected Health Information is not feasible, the Business Associate shall provide to the City written notification of the conditions that make return or destruction infeasible. Upon agreement by the City that return or destruction of Personal Health Information is not feasible, the Business Associate shall extend the protections of this Agreement to such Personal Protected Health Information and limit further uses and disclosures of such Personal Protected Health Information to those purposes that make the return or destruction infeasible, for so long as the Business Associate maintains the Personal Protected Health Information. The City acknowledges and agrees that the Business Associate's need to retain portions of the protected health information to memorialize advice provided and comply with its document retention and business continuity programs will render such return or destruction infeasible. The Business Associate shall continue to use appropriate safeguards and comply with Subpart C of 45 C.F.R. Part 164 with respect to electronic protected health information to prevent use or disclosure of the protected health information, other than as provided for in this Section, for as long as Business Associate retains the protected health information.

JUSTIFICATION:

#1 - There are several references to "Personal Health Information" which is not a defined term in the Agreement or in HIPAA. We believe this is simply a scrivener's error and have replaced them with "Protected Health Information" for internal consistency.

#2 - We are unable to return or destroy all copies because our systems are archived on a daily basis. We know that this is the case and would like to have it memorialized in the BAA to avoid confusion down the line.

☒ 0640 HIPAA Business Associate Agreement

Page Number: 5 of 5

6. Other Provisions.

A. Indemnification Reimbursement. ~~The Business Associate shall indemnify and hold harmless the City from and against any and all costs, liabilities, losses, damages and expenses (including, but not limited to, reasonable attorneys' fees) resulting from any claim, lawsuit or proceeding brought by a third party against the City and arising from or related to a breach or alleged breach by the Business Associate or the Business Associate's Agents or Subcontractors of the obligations referenced herein.~~ In addition to its obligations to mitigate any known harmful effect of an improper use or disclosure of protected health information under Section 4.B of this Agreement, the Business Associate shall reimburse City for any civil fines or penalties imposed as result of such improper use or disclosure and for the reasonable and actual costs of providing notice to individuals in the event of a Breach of Unsecured protected health information

caused by the Business Associate. The Business Associate's obligation to indemnify reimburse the City shall survive the expiration or termination of the Contract.

JUSTIFICATION:

For a number of reasons, we have a firm wide policy of not agreeing to indemnification in our BAAs. We feel our obligation to mitigate known harmful effects (both within the Agreement and in the HIPAA Rules themselves) provides as fair amount of protection to the City. In the event of an improper use or disclosure, we would work with the City to remedy the situation as appropriate under the circumstances. We can also agree to pay for civil fines and penalties imposed on the City as a result of our actions/inactions and for the reasonable and actual costs of notifying individuals. We just are not comfortable agreeing to allow one-sided, open-ended indemnification.

☒ 0640 HIPAA Business Associate Agreement

Page Number: 5 of 5

F. Third Party Beneficiaries. Nothing in this Agreement shall be construed to create any third party beneficiary rights in any person, including any participant or beneficiary of the City.

G. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original. Facsimile or Portable Document Format (PDF) copies thereof shall be deemed to be originals.

E.H. Informal Resolution. If any controversy, dispute, or claim arises between the parties with respect to this Agreement, the parties shall make good faith efforts to resolve such matters informally

JUSTIFICATION:

This is our standard boiler-plate for BAAs

Appendix IV: Business Continuity Plan



Segal Consulting • Sibson Consulting • Segal Rogerscasey • Segal Select Insurance

The Segal Group

Business Continuity Plan

for 2016

The Segal Group, Inc.'s Business Continuity Plan
is a two-part program hosted on the web
by our business continuity vendor,
RecoveryPlanner (RPX).

Part 1 is a plan document providing
definitions and descriptions related to
Business Interruption Events.

Part 2 is a group of items, associated to
the plan document, that would be
utilized during such an event.

Both plan document and associated items
(lists of personnel, departments, checklists,
business functions, resources, clients, etc.)
can be printed out in any combination
that is helpful to Segal staff.

This printout is a combination of the
plan document and one key associated item, the
Business Interruption Recovery Phases and Timeline Chart.

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Appendix 1. Business Interruption Recovery Phases and Timeline

1. Section: Glossary

Terms frequently used in the plan are:

Business Continuity Plan: BCP

The Segal Group, Inc.'s plan is referred to as a Business Continuity Plan or BCP.

Business Impact Analysis: BIA

A list of each department's functions, the resources those functions depend on, and a recovery time objective for each function. A department's Business Analysis Worksheet is referred to as its BIA.

Business Interruption Declaration: BID

A formal declaration, issued companywide by the Incident Management Team, that the Company's Business Continuity Plan is now activated.

Business Interruption Event: BIE

An incident that will cause a service outage of more than three (3) business days and will culminate in a Business Interruption Declaration by the Incident Management Team.

Checklist/Quick Reference Guide

A one-page checkoff list of actions, phone numbers and URLs to be utilized in a business interruption situation. The checklist is attached to Section 8 of the plan.

Command Center

Physical location or InterCall conference call meeting for IMT/ICT.

Department Review

A concise RPX printout of a department's key features - such as personnel, relationships, functions, resources and BIA worksheets - that can be printed by anyone with a control or edit permission for that department. This booklet, together with a report on any tasks (see **Tasks** below) for your department functions, provides a comprehensive summary of your department.

Deliverable

A finished product prepared for any entity by any department. For example, deliverables are provided to external clients (valuations), internal clients (data for valuation preparation, or a paycheck, or a cardkey), or prospective clients (proposals). They are also provided to government bodies (Form 5500's) or legal entities (court filings).

Exposure

Any issue that would hinder the timely recovery of a department at the time of a Business Interruption Event.

Functions

A department's distinctive tasks and processes.

Hub Office(s)

Chicago, New York, and Phoenix - the three regional offices that house regional infrastructure and application systems and provide services to associated, or spoke, offices. Not only do the hub offices contain the hub office applications and data, they also hold replicated data from their associated spoke offices for business continuity.

Incident Appraisal Team: IAT

A group that analyzes and assesses the damage to a particular facility and then reports its findings to the Incident Coordination Team (outside New York) or the Incident Management Team (in New York).

Incident Coordination Team: ICT

A group of senior personnel that directs and coordinates response and recovery efforts for each office outside New York. They maintain close contact with the Incident Management Team throughout any incident.

Incident Management Team: IMT

A group of countrywide senior staff members that provides overall coordination of all Segal incident response and recovery activities - directly in New York and working with an Incident Coordination Team outside New York. The IMT is the only group that can issue a Business Interruption Declaration and formulate the company's official response to a Business Interruption Event.

Incident Recovery Team: IRT

The collective leaders of the individual department/unit teams. When this team receives notification from the IMT that the Business Continuity Plan has been activated, the members each contact the individual team of which they are the leader and schedule a plan activation meeting (i.e., begin their team's recovery efforts).

Notification Lists

Groups of pre-selected recipients associated to a particular site, department, or team.

Rally Point

A pre-arranged physical location or InterCall conference call number at which team and department members can discuss their recovery activities following a Business Interruption Declaration.

Recovery Time Objective: RTO

The timeframe (days, hours, minutes) in which a particular function should be recovered in accordance with the Business Continuity Plan (BCP).

Spoke Office(s)

All offices except for Chicago, New York, and Phoenix - offices to which their associated hub office provides those services described above (see Hub Office(s)).

Tasks

For purposes of this plan, tasks are defined as either the actions necessary to perform a particular department function or the actions necessary to support a particular incident team during a business interruption.

2. Section: Introduction to Business Continuity Planning

Recognizing that an extended outage of data processing capabilities could have a serious financial and overall operating impact, The Segal Group, Inc. maintains a Business Continuity Plan for its New York corporate headquarters and several of its regional offices. The plan will soon be expanded to include all remaining regional offices.

The plan is hosted online by the Segal Group, Inc.'s business continuity planning vendor, RecoveryPlanner, Inc., and can be accessed by authorized personnel as follows:

<http://rpx.recoveryplanner.com>

Company ID	segalco (one word)
User ID	jsmith (your first initial and full last name - one word)
Password	enter your password (or click the Forgot my Password link)

Instructions on getting started in RecoveryPlanner can be found on the Facilities/ Office Services (FOS) SegalNet home page. Questions can be left at the FOS Help Desk x5050 or emailed to [.NY Facilities/Office Services](#).

Segal's Business Continuity Plan utilizes a "team concept" recovery methodology, based on critical business and technical functionality, to carry out the response and recovery aspects of any incident and will be directed by the Incident Management Team (IMT) in New York and, in each regional office, the Incident Coordination Team (ICT) working closely with the IMT. These two teams will be assisted by other teams that correspond to the response and recovery aspects of the incident.

2.1. Incident Management Team

IT IS IMPORTANT to remember that the first response to any incident or business interruption event will always be formulated by the Incident Management Team. Everyone must wait for the official IMT response before communicating with clients, vendors, or business partners.

Members of the Incident Management Team

- John Coyle
- Helene Dankner
- John DeMairo
- Ric DiBartolo
- John Flynn
- Margery Friedman
- Dan Fries
- John Gingell
- Diane Gleave
- Robert Krinsky
- Joe LoCicero
- Jim Sokol
- James Winter

To Contact the Incident Management Team

Email .Incident Management Team
Voicemail Dial 212-251-5999 and leave a message

3. Section: How to Use the Plan

The plan is organized in such a way that one need not read every word in order to determine the appropriate actions and activities necessary to recover. Instead, think of it as a combination business continuity checklist, reference document and training aid. The various business unit recovery strategies and procedures should be reviewed and followed based on the incident circumstances and approved Incident Management Team recovery recommendations.

The plan consists of

- Sections and their sub-sections (general plan information pertaining to all offices)
- Scenarios (plan testing pages)
- Business Impact Analysis Worksheets for each department
- Staff Contact/Notification Lists
- Relationship Lists (client/vendor lists)
- Attached Files (charts, checklists, forms & instructions on how to use the plan)

RPX treats a **Department** as the largest grouping of company personnel. Departments, in turn, contain sub-departments. However, Segal's largest grouping, structured by Financial Services, is a **Division**. When Segal HR runs a divisional

feed to RPX, those divisions feed into RPX departments. As a result, a Segal division like Special Practices is listed as a department in RPX, and its sub-groups, like Segal Select Insurance and Communications, are listed as sub-departments. This adjustment allows us to accommodate both Segal and RPX terminology but can result in the terms “department” and “sub-department” being used somewhat interchangeably (the word “department,” as used in the definition of *Business Impact Analysis* below, actually refers to sub-departments). This is a minor discrepancy because the names of the individual groupings are easily distinguishable.

The plan should be carefully followed during periodic testing exercises, in order to thoroughly train recovery personnel and ensure that strategies and actions accurately reflect current business recovery requirements.

4. Section: Plan Objectives

The objectives of this Business Continuity Plan are:

- To protect personnel, assets and informational resources from injury or damage.
- To minimize economic losses resulting from interruptions to business functions.
- To provide a plan of action to facilitate an orderly recovery of business operations at your office.
- To meet business continuity timeframes as deemed critical by Segal, any governing regulatory bodies, and any client entities.

5. Section: Description of Business Continuity Plan Phases

Your office recovery process can be initiated by anyone (department personnel, security guard, etc.) who has become aware of a potential disruption of business at your office and notifies one or more key office contacts. The Business Continuity Plan employs a four-phased approach, with some overlapping of phases:

- Appraisal
- Activation
- Recovery
- Restoration

A chart showing a timeline for these phases can be found at the end of this document. A description of the four phases as they would run if a HUB office (Chicago, New York, Phoenix) were affected follows:

5.1. Phase I - Appraisal (up to 7 hours)

The main purpose of this phase is to assess the damage to your office operations and come to a decision with regard to the need to activate the BCP. This is an extremely important decision and it will only be made after a very careful and complete evaluation of damages has been presented to the Incident Management Team in New York.

Upon notification of an incident, the Incident Appraisal Team should begin the process of analyzing and assessing any damage. The intent is to determine if operations in your office can continue, can continue in a reduced capacity, or must be relocated, in whole or in part, to an alternate location (staff will work mainly from home). In addition, the building and the proper authorities (fire, police, and medical) must be notified and either the Incident Coordination Team or Incident Management Team contacted, as appropriate.

The Incident Appraisal Team will present their findings to the Incident Management Team (in New York) or Incident Coordination Team (outside New York). Outside New York, the Incident Coordination Team will recommend to the Incident Management Team that a Business Interruption Declaration be made. **It is the Incident Management Team that makes the final decision to broadcast a companywide Business Interruption Declaration for any office that experiences a Business Interruption Event.**

5.2. Phase II - Activation (up to 5 hours; estimated cumulative time is 12 hours)

The Business Interruption Declaration begins the activation phase, and now internal notifications are made to the Recovery Team members to begin recovery. Clients are not to be notified until the Incident Management Team in New York issues the Segal Group Inc.'s official response to the Business Interruption Event.

During this activation phase, notification procedures will commence, relevant recovery team members will be notified that the BCP has been activated, the Incident Command Center (IMT/ICT Rally Point) will be activated, and recovery resources, if needed, will be acquired for an alternate location. The IMT will issue Segal's official response to the Business Interruption Event both companywide and externally and, after this official response, **clients may be notified.**

5.3. Phase III - Recovery (up to 84 hours; estimated cumulative time is 96 hours)

This phase coordinates the activities for securing access to the critical systems for all essential users. The goal of this phase is to restore communications services and redirect Citrix and GoToMyPC access to another HUB, if necessary, for users to access while working from home.

Recovery team members will identify which items (i.e., equipment, documents, etc.) are salvageable and estimate the "down" or "outage" time, and the necessary immediate actions to be instituted.

During the recovery phase, each department member will be responsible for their department's functions and deliverables.

Once access to critical systems has been redirected and established, users will follow their standard operating procedures to perform their business functions unless otherwise instructed. These functions may be operating in a reduced capacity, but should be sufficient to initially provide an acceptable level of service to Segal's clients.

5.4. Phase IV - Restoration (full restoration begins after recovery phase is complete)

The main goal of this phase is to coordinate the activities necessary to return to a fully restored facility or to move to a new facility as soon as possible.

The Incident Coordination Team/Incident Management Team will manage/oversee the process entailing all activities and procedures that are required to restore your office to pre-recovery conditions or, if the situation necessitates, obtaining new office space. This phase includes recovery activities such as:

- salvage and clean-up
- new equipment ordering
- installation of new equipment
- new site selection
- installation and/or testing of access to any systems and applications software.

During this phase, it is likely the majority of staff would work remotely from home. Alternate sites (e.g., other offices) would be utilized to support recovery efforts and the restoration of company systems would follow a predetermined order.

Order of Restoration of IT Systems

- Communication Systems Recovery
 - Phone and Voicemail systems
 - E-Mail/BlackBerry/Other Smartphone
 - SegalNet
- Critical Business Systems Recovery
 - File and Print Services (Health and Actuarial)
 - FileSite
 - Health Systems (internally developed database applications)
- All Remaining Systems Recovery
 - Carpe Diem
 - Financial System
 - Human Resource System
 - PSA
 - Etc.

6. Section: Basic Plan Framework

The Business Continuity Plan has been developed based on the following basic framework:

6.1. General

The Incident

- Your office is inaccessible or not conducive to a productive work environment.
- The outage has affected only your office. No other Segal office is affected.

Employees

- Key personnel, or their designated back-ups identified in the plan, are available following an interruption.
- Designated Team Members will report to the predetermined Command Center (physical location or InterCall conference call meeting) as quickly as possible upon being notified.
- Management personnel are to maintain their normal lines of authority reporting structure at all times and act as a Recovery Team Member or Leader when appropriate.
- Team Leaders will keep abreast of, and communicate to their team members, any plan changes or improvements.
- Department Members will be responsible for sharing expertise as needed in any of the four phases.

Resources

- Each office/business unit has reviewed its deliverables, considering whether responsibility for some of them can be transferred to another office. (Consultation with department heads and the Incident Management Team (for New York) or Incident Coordination Team (outside New York) would be necessary before any responsibilities could be transferred.)
- Critical resources listed in the plan are available from identified suppliers or off-site storage.
- Critical laptops are taken home on a nightly basis.
- A hotel conference room will be secured after one week of an outage for all the groups to use (offices other than New York).

Administrative Priorities

- Expenses during an interruption will be recorded in a separate business continuity code which would be communicated upon a Business Interruption Declaration (BID).
- Communication capabilities (CALLogistix, Employee Check-in, RecoveryPlanner) are established.
- A process for duplicating reports is in place.
- Mail and courier services have been restored.
- Daily operational procedures will not be documented in the Plan.
- Maintenance of the plan will be performed on a continuing basis.
- The plan will be tested periodically.

6.2. Telecommunications Services - IT

- Business continuity for the Voice over IP (VoIP) phone and voicemail systems is accomplished through:
 - o Redundant phone and voicemail systems located in NY and Chicago
 - o Local survivable phone system components reside in every office
 - o Redundant network connections and local phone lines
 - o Telephone carrier redundant systems which can re-route phone traffic
- Segal phone and voicemail system recovery scenarios:
 - o In the event of an interruption in either the New York or Chicago office, call control and voicemail will fail over to the other office.
 - o The voicemail systems in New York are backed up to Chicago on a nightly basis starting at 12:00 am.
 - o All Segal offices use PaeTec Communications as their primary voice vendor.
 - o In the event of an outage with our primary voice vendor (PaeTec), voice traffic will fail over to our secondary data vendor (Sprint).
 - o In the unlikely event of dual network outages, if you want to access voicemail, use the toll free voice mail number 866-872-6986 OR dial directly 212-251-5005.

6.3. Computing Services - IT

- Business continuity for all IT systems throughout all offices is accomplished through an Enterprise data replication and backup strategy, redundant network and Internet connectivity, and remote access systems.
- Access to systems in the event of various site related incidents, is accomplished using a combination of Segal provided computers or SmartPhones and personal computers connecting from home or alternate Segal offices.
- All HUB Office datacenters (NY, Chicago, and Phoenix) have their systems replicated in near real time to a secondary Segal datacenter.
 - o NY replicates to Chicago,
 - o Phoenix replicates to Chicago and,
 - o Chicago replicates to NY.
- Every spoke (Remote) office has file and print server(s) which are replicated in near real time to their associated HUB office.
 - o NY spoke offices (Remote offices): Atlanta, Atlanta Rogerscasey, Boston, Darien, Hartford, Princeton, Raleigh, Toronto, Toronto Rogerscasey, and Washington DC.
 - o Chicago spoke offices (Remote offices): Minneapolis, Houston, and Cleveland
 - o Phoenix spoke offices (Remote offices): San Francisco, Denver, Glendale and Los Angeles
- Email Business continuity is accomplished through system replication:
 - o Exchange Email Servers in NY (serving NY and the Eastern Region) are replicated to the Chicago HUB office.
 - o Exchange Email Servers in Phoenix (serving West Region) are replicated to the Chicago HUB office.
 - o Exchange Email Servers in Chicago (serving Midwest Region) are replicated to the NY HUB office.

- o Blackberry Enterprise Servers reside in all Hub offices and are replicated following Exchange Email replication standards.
- In the event of a site incident in any office, IT services (except GoToMyPC*) will be redirected to the appropriate available HUB Office data center.

* In a long-term outage in a HUB location GoToMyPC capability would be restored for actuaries through an emergency acquisition of computer equipment. In a long-term outage in a Spoke (Remote) office location we could provision PCs in our inventory to restore GoToMyPC for the actuaries. These computers would have GoToMyPC installed and configured to allow users to regain remote access capability remotely.

- In the event that a HUB site experiences an incident and is operating in Business Continuity Recovery mode, a spoke (remote office) associated with the HUB should be recovered within an additional 96 hours.
- New York, Chicago and Phoenix perform incremental backups during the week and full backups during the weekend. Weekly backups are shipped offsite for 3 months. All data stored on backup tapes is encrypted. Monthly backups are kept indefinitely offsite at Iron Mountain's storage facilities located near each HUB office. These backup tapes will be used for recovery in the event of any issues preventing normal recovery procedures in all offices. Recovery time lines will be extended and communicated in this case.

7. Section: Incident/Event Clarification

The following definitions are being provided to distinguish minor and major incidents from a Business Interruption Event:

7.1. Minor Incidents

A minor incident is defined as one that occurs during non-business hours and will not overlap to business hours or cause an office to be out of service for more than eight (8) business hours. This is not considered to be a Business Interruption Event requiring activation of the Business Continuity Plan.

7.2. Major Incidents

A major incident is defined as one that occurs during business hours and will cause an office to be out of service for more than eight (8) business hours, but less than three (3) business days. This is not considered to be a Business Interruption Event requiring activation of the Business Continuity Plan.

7.3. Business Interruption Events

A business interruption event is defined as one that occurs during any hours and will cause an office to be out of service for more than three (3) business days. In this case, the Incident Management Team very likely will make a Business Interruption Declaration (BID).

It's important to remember that not every incident is a Business Interruption Event. Any loss of operations capability is considered an "incident," but not every incident is a Business Interruption Event. Only the Incident Management Team (IMT) can make a Business Interruption Declaration.

8. Section: Attached Files (Appendices, Business Continuity Forms, Checklist - Quick Reference Guide, Kinko's Information Sheet, RPX Instructions)

These files consist of documents related to working with our Business Continuity Plan. They are attached to Section 8, **Attached Files**, of the plan. They pertain to all Segal offices collectively.

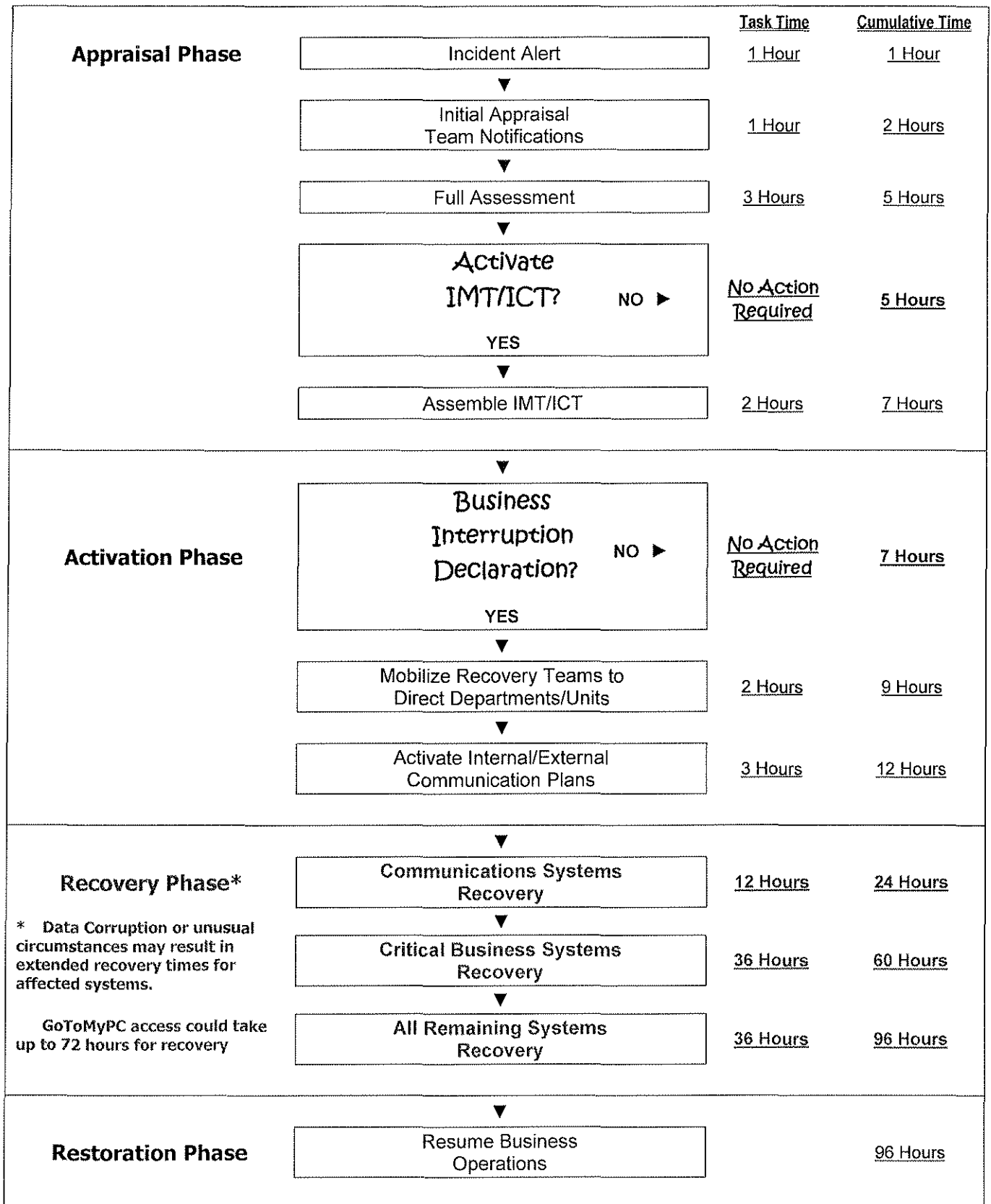
The system also allows department-specific files to be attached to individual departments and marked private for confidentiality.

A printout of Appendix 1, Business Interruption Recovery Phases and Timeline Chart, has been placed at the end of this plan document. It is recommended that you print out the Business Continuity Checklist/Quick Reference Guide to keep with your copy of the plan.

Documents:

/APPENDICES/BC Appendix 1__ Business Interruption Recovery Phases and Timeline Chart.DOCX
/BUSINESS CONTINUITY FORMS/Critical Equipment Status Assessment Form for BC Plan (2).DOC
/BUSINESS CONTINUITY FORMS/Critical File and Work in Progress Assessment Form for BC Plan.DOC
/BUSINESS CONTINUITY FORMS/Recovery Status Report Form for BC Plan.DOC
/BUSINESS CONTINUITY FORMS/Special Equipment Order Form for BC Plan.DOC.DOC
/CHECKLIST - QUICK REFERENCE/Business Continuity Checklist__Quick Reference Guide (2).DOC
/KINKO'S/Kinko's Information Sheet for BC Plan.DOC
/RPX INSTRUCTIONS/Attaching Files - Working with RPX (2).DOC
/RPX INSTRUCTIONS/Communicating through Message Boards - Working with RPX (2).DOC
/RPX INSTRUCTIONS/Creating Relationships - Working with RPX (7).DOC
/RPX INSTRUCTIONS/Printing the Plan - Working with RPX (2).DOC

Appendix 1: Business Interruption Recovery Phases and Timeline



This chart can be found in the Appendices Folder attached to Section 8 of the plan.

**CONTRACT BETWEEN THE CITY OF AUSTIN ("City")
AND
Gallagher Benefit Services, Inc. ("Contractor")
for
Consulting Services for Compensation Programs
NA170000210**

The City accepts the Contractor's Offer (as referenced in Section 1.1.3 below) for the above requirement and enters into the following Contract.

This Contract is between Gallagher Benefit Services, Inc. having offices at 221 West 6th Street, Suite #1980, Austin, TX 78701 and the City, a home-rule municipality incorporated by the State of Texas, and is effective as of the date executed by the City ("Effective Date").

Capitalized terms used but not defined herein have the meanings given them in Solicitation Number RFP RWS0503.

1.1 This Contract is composed of the following documents:

- 1.1.1 This Contract
- 1.1.2 The City's Solicitation, RFP RWS0503 including all documents incorporated by reference
- 1.1.3 Gallagher Benefit Services, Inc.'s Offer, dated May 18, 2017, including subsequent clarifications

1.2 Order of Precedence. Any inconsistency or conflict in the Contract documents shall be resolved by giving precedence in the following order:

- 1.2.1 This Contract
- 1.2.2 The City's Solicitation as referenced in Section 1.1.2, including all documents incorporated by reference
- 1.2.3 The Contractor's Offer as referenced in Section 1.1.3, including subsequent clarifications

1.3 Term of Contract. The Contract will be in effect for an initial term of 36 months and may be extended thereafter for up to two 12-month extension options, subject to the approval of the Contractor and the City Purchasing Officer or his designee. See the Term of Contract provision in Section 0400 for additional Contract requirements.

1.4 Compensation. The Contractor shall be paid a total Not-to-Exceed amount of \$852,000 for the initial Contract term and \$284,000 for each extension option as indicated in the Price Proposal Form, RFP Section 0615-2. Payment shall be made upon successful completion of services or delivery of goods as outlined in each individual Delivery Order.

1.5 Quantity of Work. There is no guaranteed quantity of work for the period of the Contract and there are no minimum order quantities. Work will be on an as needed basis as specified by the City for each Delivery Order.

1.6 Clarifications and Additional Agreements. The following are incorporated into the Contract.

- 1.6.1 Section 0300 Standard Purchase Terms and Conditions, Paragraph 31 – change the title of the paragraph to “Indemnity and Limitation of Liability” and add the following as new Paragraph 31.C: “Limitation of Liability”: “Contractor’s liability to the City and any other party for any losses, injury or damages to persons or properties or work performed arising out of or in connection with this Contract and for any other claim, whether the claim arises in contract, tort, statute or otherwise, shall be limited to the amount of five (5) times the total fees due to Contractor from the City under this Contract.”

Notwithstanding the foregoing, the limitations of liability contained in this paragraph shall not apply to limit any liability or claim to the extent such liability or claim falls within the scope of coverage of any insurance policy required to be in effect (regardless of whether Contractor has in fact properly maintained such coverage) by any other provision of this Contract.

NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS CONTRACT, CONTRACTOR SHALL NOT BE LIABLE FOR ANY SPECIAL, INDIRECT, CONSEQUENTIAL, LOST PROFITS, OR PUNITIVE DAMAGES SUSTAINED OR INCURRED IN CONNECTION WITH THIS CONTRACT, WHETHER OR NOT SUCH DAMAGES ARE FORESEEABLE.”

- 1.6.2 Section 0300 Standard Purchase Terms and Conditions, Paragraph 32.A.viii – deleted in its entirety.
- 1.6.3 Section 0300 Standard Purchase Terms and Conditions, Paragraph 32.A.xi – sentence reading “Self-insured retentions shall be disclosed on the Certificate of Insurance” is deleted.
- 1.6.4 Section 0400 Supplemental Purchase Provisions, Paragraph 2.A.iii – add new final sentence “Contractor shall replace any cancelled or non-renewed policy with a new policy, ensuring no gap in coverage, and shall immediately provide the new Certificate of Insurance to City.”
- 1.6.5 Section 0400 Supplemental Purchase Provisions, Paragraph 2.B.i – revise the first paragraph as follows: “Coverage shall be consistent with statutory benefits outlined in the Texas Worker’s Compensation Act (Section 401). The minimum policy limits for Employer’s Liability are \$100,000 bodily injury each accident, \$500,000 bodily injury by disease policy limit and \$100,000 bodily injury by disease each employee. The Contractor’s policy shall apply to the State of Texas and shall include a waiver of subrogation.” Delete the remainder of Paragraph 2.B.i.
- 1.6.6 Section 0400 Supplemental Purchase Provisions, Paragraph 2.B.ii – add new “(1)(e) Waiver of Subrogation” and delete (2)(a) and (2)(b).
- 1.6.7 Section 0400 Supplemental Purchase Provisions, Paragraph 2.B.iii – revise the first paragraph as follows: “The Contractor shall provide coverage for all owned, non-owned and hired vehicles with a minimum combined single limit of \$500,000 per occurrence for bodily injury and property damage. Alternate acceptable limits are \$250,000 bodily injury per person, \$500,000 bodily injury per occurrence and at least \$100,000 property damage liability per accident. Coverage shall include a waiver of subrogation.” Delete the remainder of Paragraph 2.B.iii.
- 1.6.8 Section 0400 Supplemental Purchase Provisions, Paragraph 9 – add the following as 9.D

– "Notwithstanding the foregoing, Contractor will retain sole and exclusive ownership of all right, title and interest in and to its intellectual property and derivatives thereof which no data or confidential information of the City was used to create and which was developed entirely using Contractor's own resources. To the extent Contractor's intellectual property is necessary for the City to use the services provided, Contractor grants the City a non-exclusive, perpetual, world-wide, and royalty-free license to Contractor's intellectual property solely for the City's use of such services."

- 1.6.9 Section 0640 HIPAA Business Associate Agreement, Paragraph 6(D) – revise the first sentence as follows: "Upon the enactment of any law or regulation affecting the use or disclosure of protected health information, or the publication of any decision of a court of the United States or State of Texas relating to any such law, or the publication of any interpretive policy or opinion of any governmental agency charged with the enforcement of any such law or regulation, the parties City may, by written instrument executed by the parties ~~notice to the Business Associate~~, amend this Agreement in such a manner as the City determines necessary to comply with such law or regulation."

This Contract (including any Exhibits) constitutes the entire agreement of the parties regarding the subject matter of this Contract and supersedes all prior and contemporaneous agreements and understandings, whether written or oral, relating to such subject matter. This Contract may be altered, amended, or modified only by a written instrument signed by the duly authorized representatives of both parties.

In witness whereof, the parties have caused a duly authorized representative to execute this Contract on the date set forth below.

**GALLAGHER BENEFIT SERVICES,
INC.**

CITY OF AUSTIN

Bruce Lawson

Printed Name of Authorized Person

Bruce Lawson
Signature

MANAGING DIRECTOR
Title:

9/21/17
Date:

Roger Stricklin

Printed Name of Authorized Person

Roger Stricklin
Signature

Procurement Specialist IV
Title:

9-21-17
Date:

Exhibit A – Contractor's Pricing

Exhibit B – Contractor's Offer

**EXHIBIT A
CONTRACTOR'S PRICING**

	Primary Consultant/Actuary Estimated Hours			Secondary Consultant/Actuary Estimated Hours			Analyst Estimated Hours			Additional Personnel Estimated Hours			Other Itemized Direct Costs (No include onsite presentations)			Total Not to Exceed Project Cost		
	Hours	Rate	=	Hours	Rate	=	Hours	Rate	=	Hours	Rate	=	Hours	Rate	=			
3.3.1																		
Total Compensation (Rewards) Report	25	\$ 450.00	\$ 11,250.00	50	\$ 350.00	\$ 17,500.00	100	\$ 200.00	\$ 20,000.00				\$ -	* estimating two onsite visits per project, but these could be consolidated if scheduling allows. We are also open to online meeting rooms for project discussion.			\$ 18,000.00	\$ 66,750.00
3.3.2																		
Equity Study	10	\$ 450.00	\$ 4,500.00	30	\$ 350.00	\$ 10,500.00	100	\$ 200.00	\$ 20,000.00				\$ -				\$ 18,000.00	\$ 53,000.00
3.3.3																		
Market Study	25	\$ 450.00	\$ 11,250.00	100	\$ 350.00	\$ 35,000.00	350	\$ 200.00	\$ 70,000.00				\$ -				\$ 18,000.00	\$ 134,250.00
Total for First Year																		\$ 254,000.00

Indicate the maximum cost increase, if any, for each of the subsequent contract years.

Contract Year	Maximum percentage increase:	Total Not To Exceed Cost:
2	5%	\$ 266,700.00
3	5%	\$ 280,035.00
4	5%	\$ 294,036.75
5	5%	\$ 308,738.58

Five Year Total: \$ 1,403,510.34

**CONTRACT BETWEEN THE CITY OF AUSTIN ("City")
AND
The Segal Company (Southeast) Inc. ("Contractor")
for
Actuarial and Consulting Services for Benefit Programs
NA170000210**

The City accepts the Contractor's Offer (as referenced in Section 1.1.3 below) for the above requirement and enters into the following Contract.

This Contract is between The Segal Company (Southeast) Inc. having offices at 2018 Powers Ferry Road, Suite #850, Atlanta, GA 30339 and the City, a home-rule municipality incorporated by the State of Texas, and is effective as of the date executed by the City ("Effective Date").

Capitalized terms used but not defined herein have the meanings given them in Solicitation Number RFP RWS0503.

1.1 This Contract is composed of the following documents:

- 1.1.1 This Contract
- 1.1.2 The City's Solicitation, RFP RWS0503 including all documents incorporated by reference
- 1.1.3 The Segal Company (Southeast) Inc.'s Offer, dated May 23, 2017, including subsequent clarifications

1.2 Order of Precedence. Any inconsistency or conflict in the Contract documents shall be resolved by giving precedence in the following order:

- 1.2.1 This Contract
- 1.2.2 The City's Solicitation as referenced in Section 1.1.2, including all documents incorporated by reference
- 1.2.3 The Contractor's Offer as referenced in Section 1.1.3, including subsequent clarifications

1.3 Term of Contract. The Contract will be in effect for an initial term of 36 months and may be extended thereafter for up to two 12-month extension options, subject to the approval of the Contractor and the City Purchasing Officer or his designee. See the Term of Contract provision in Section 0400 for additional Contract requirements.

1.4 Compensation. The Contractor shall be paid a total Not-to-Exceed amount of \$2,460,000 for the initial Contract term and \$820,000 for each extension option as indicated in the Price Proposal Form, RFP Section 0615-1. Payment shall be made upon successful completion of services or delivery of goods as outlined in each individual Delivery Order.

1.5 Quantity of Work. There is no guaranteed quantity of work for the period of the Contract and there are no minimum order quantities. Work will be on an as needed basis as specified by the City for each Delivery Order.

1.6 Clarifications and Additional Agreements. The following are incorporated into the Contract.

- 1.6.1 Section 0400 Supplemental Purchase Provisions, Paragraph 2.B.iv – paragraph is revised as follows: "The Contractor shall provide coverage, at a minimum limit of \$5,000,000 per claim, and in the aggregate, to pay on behalf of the assured all sums which the assured shall become legally obligated to pay as damages by reason of any negligent act, error, or omission arising out of the performance of professional services under this Agreement.

If coverage is written on a claims-made basis, the ~~retroactive~~ policy term date shall be prior to or coincident with the date of the Contract and the certificate of insurance shall state that the coverage is claims-made ~~and indicate the retroactive date~~. This coverage shall be continuous and will be provided for 24 months following the completion of the contract."

- 1.6.2 Section 0400 Supplemental Purchase Provisions, Paragraphs 9.A through 9.D – these paragraphs are deleted in their entirety and replaced with the following: "Except to the extent that they incorporate Contractor's proprietary software, know-how, techniques, methodologies and report formats (collectively, "Contractor's Proprietary Information"), all documents, data, and other tangible materials authored or prepared and delivered by Contractor to City under the terms of this Agreement (collectively the "Deliverables")- are the sole and exclusive property of City once paid for by City. To the extent Contractor's Proprietary Information is incorporated into such Deliverables. City shall have a perpetual, nonexclusive, worldwide, royalty-free license to use, copy and modify Contractor's Proprietary Information as part of the Deliverables internally and for their intended purpose."

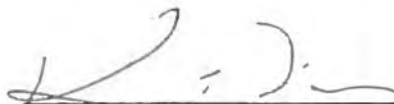
- 1.6.3 Section 0640 HIPAA Business Associate Agreement – this section is deleted in its entirety and replaced with the attached Exhibit C.

This Contract (including any Exhibits) constitutes the entire agreement of the parties regarding the subject matter of this Contract and supersedes all prior and contemporaneous agreements and understandings, whether written or oral, relating to such subject matter. This Contract may be altered, amended, or modified only by a written instrument signed by the duly authorized representatives of both parties.

In witness whereof, the parties have caused a duly authorized representative to execute this Contract on the date set forth below.

THE SEGAL COMPANY (SOUTHEAST)
INC.

CITY OF AUSTIN



Printed Name of Authorized Person

Ken Vieira

Signature

Senior Vice President

Title:

10/18/2017

Date:

~~Roger Stricklin~~ Matthew Dwee

Printed Name of Authorized Person



Signature

Procurement Specialist IV ~~Specialist IV~~ Supervisor

Title:

10-23-17

Date:

Exhibit A – Contractor's Pricing

Exhibit B – Contractor's Offer

Exhibit C – HIPAA Business Associate Agreement

**EXHIBIT A
CONTRACTOR'S PRICING**

	Primary Consultant/ Actuary Estimated Hours		Total Cost	Secondary Consultant/ Actuary Estimated Hours		Total Cost	Analyst Estimated Hours		Total Cost	Additional Personnel Estimated Hours		Total Cost	Other Itemized Direct Costs (to include onsite presentations)		Total Cost	Total Not to Exceed Program Cost
	Hours	Rate	=	Hours	Rate	=	Hours	Rate	=	Hours	Rate	=	Hours	Rate	=	
3.2.1																
Fiscal Year Expenditures and Rates	20	\$ 460.00	\$ 9,200.00	45	\$ 380.00	\$ 17,100.00	95	\$ 250.00	\$ 23,750.00			\$ -	15	\$ 460.00	\$ 6,900.00	\$ 58,950.00
3.2.2																
Plan Design Changes	15	\$ 460.00	\$ 6,900.00	30	\$ 380.00	\$ 11,400.00	60	\$ 250.00	\$ 15,000.00			\$ -			\$ -	\$ 33,300.00
3.2.3																
GASB Compliance - Other Postemployment Benefits	40	\$ 460.00	\$ 18,400.00	40	\$ 380.00	\$ 15,200.00	95	\$ 250.00	\$ 23,750.00			\$ -	7.5	\$ 460.00	\$ 3,450.00	\$ 60,800.00
3.2.4																
Quarterly Performance Report	15	\$ 460.00	\$ 6,900.00	30	\$ 380.00	\$ 11,400.00	60	\$ 250.00	\$ 15,000.00			\$ -			\$ -	\$ 33,300.00
3.2.5																
Annual Report	20	\$ 460.00	\$ 9,200.00	20	\$ 380.00	\$ 7,600.00	40	\$ 250.00	\$ 10,000.00			\$ -	15	\$ 460.00	\$ 6,900.00	\$ 33,700.00
3.2.6																
Annual Employer Survey	30	\$ 460.00	\$ 13,800.00	45	\$ 380.00	\$ 17,100.00			\$ -			\$ -			\$ -	\$ 30,900.00
3.2.7																
Auditing																
1. Medical Claims Administrator Audit	3	\$ 460.00	\$ 1,380.00	12	\$ 380.00	\$ 4,560.00	145	\$ 250.00	\$ 36,250.00	25	\$ 200.00	\$ 5,000.00			\$ -	\$ 47,190.00
2. Pharmacy Benefit Manager Audit	3	\$ 460.00	\$ 1,380.00	12	\$ 380.00	\$ 4,560.00	145	\$ 250.00	\$ 36,250.00	25	\$ 200.00	\$ 5,000.00			\$ -	\$ 47,190.00
3. Dental Claims Administrator Audit	3	\$ 460.00	\$ 1,380.00	12	\$ 380.00	\$ 4,560.00	132	\$ 250.00	\$ 33,000.00	15	\$ 200.00	\$ 3,000.00			\$ -	\$ 41,940.00
4. Flextra Claims Administrator Audit	3	\$ 460.00	\$ 1,380.00	12	\$ 380.00	\$ 4,560.00	90	\$ 250.00	\$ 22,500.00	18	\$ 200.00	\$ 3,600.00			\$ -	\$ 32,040.00
3.2.8																
Vendor Proposal Development, Evaluation, and Negotiation Assistance																
1. Medical Claims Administration Component	50	\$ 460.00	\$ 23,000.00	90	\$ 380.00	\$ 34,200.00	65	\$ 250.00	\$ 16,250.00			\$ -	30	\$ 385.00	\$ 11,550.00	\$ 85,000.00
2. Individual Medical Stop-Loss Component	20	\$ 460.00	\$ 9,200.00	50	\$ 380.00	\$ 19,000.00	15	\$ 250.00	\$ 3,750.00			\$ -	20	\$ 385.00	\$ 7,700.00	\$ 39,850.00
3. Pharmacy Benefit Management Component	40	\$ 460.00	\$ 18,400.00	70	\$ 380.00	\$ 26,600.00	80	\$ 250.00	\$ 20,000.00			\$ -	30	\$ 385.00	\$ 11,550.00	\$ 76,550.00
4. Care Management Component	20	\$ 460.00	\$ 9,200.00	50	\$ 380.00	\$ 19,000.00	30	\$ 250.00	\$ 7,500.00			\$ -	15	\$ 385.00	\$ 5,775.00	\$ 41,475.00
3.2.9																
Retiree Medical Plan Options	25	\$ 460.00	\$ 11,500.00	50	\$ 380.00	\$ 19,000.00			\$ -			\$ -			\$ -	\$ 30,500.00
3.2.10																
Compliance Assistance	15	\$ 460.00	\$ 6,900.00	25	\$ 380.00	\$ 9,500.00			\$ -			\$ -			\$ -	\$ 16,400.00
3.2.11																
Annual Strategy Meeting	20	\$ 460.00	\$ 9,200.00	10	\$ 380.00	\$ 3,800.00			\$ -			\$ -	32	\$ 385.00	\$ 12,320.00	\$ 25,320.00
3.2.12																
Other Services	10	\$ 460.00	\$ 4,600.00	20	\$ 380.00	\$ 7,600.00	10	\$ 250.00	\$ 2,500.00			\$ -			\$ -	\$ 14,700.00
Total for First Year																\$ 748,905.00

Indicate the maximum cost increase, if any, for each of the subsequent contract years.

Contract Year	Maximum percentage Increase:	Total Not To Exceed Cost:
2	3%	\$ 769,312
3	3%	\$ 792,392
4	3%	\$ 818,183
5	3%	\$ 840,648

Five Year Total: \$ 3,965,420

EXHIBIT C
HIPAA BUSINESS ASSOCIATE AGREEMENT

This Agreement is made and entered into between the City of Austin ("City") and the person or entity identified in the signature block below (the "Business Associate"), and is made with reference to the following facts:

- i. The Program is subject to the privacy and other requirements of the Health Insurance Portability and Accountability Act of 1996 ("HIPAA");
- ii. Under the HIPAA Rules (defined below), the City is required to enter into a written agreement with the Business Associate under the terms and conditions provided below; and
- iii. The parties wish to enter into this Agreement in order to comply with the HIPAA Rules (defined below), and to safeguard Protected Health Information (defined below) appropriately.

Therefore, in consideration of their mutual undertakings set out in this Agreement, and for other good and valuable consideration, the parties agree to the following:

1. Definitions. As used in this Agreement:

- A. **"HIPAA Rules"** and/or "HIPAA" shall mean the Privacy, Security, Breach Notification, and Enforcement Rules implementing HIPAA and set out at 45 CFR Part 160 and Part 164.
- B. **"Individually Identifiable Health Information"** shall mean information collected from an individual, including demographic information, that:
 - i. Is created or received by the City and provided to the Business Associate; and
 - ii. Relates to: (a) the past, present, or future physical or mental health or condition of an individual; (b) the provision of healthcare to an individual; or (c) the past, present, or future payment for the provision of healthcare to an individual; and
 - iii. Which identifies the individual, or with respect to which there is a reasonable basis to believe the information can be used to identify the individual.
- C. **"Protected Health Information"** shall mean Individually Identifiable Health Information that is: (i) transmitted by electronic media; (ii) maintained in any medium constituting electronic media; or (iii) transmitted or maintained in any other form or medium.
- D. **"Agent"** and **"Subcontractor"** shall mean a third party who is not an employee in the workforce of the Business Associate and who receives Protected Health Information from the Business Associate for purposes of carrying out any part of the Business Associate's responsibilities under its services agreement with the City.
- E. **"Business Associate"** shall have the same meaning as the term "business associate" set out at 45 CFR Part 160.103, and in reference to the party to this agreement, shall be the party designated as a Business Associate.

2. Permitted Uses and Disclosures of Protected Health Information by Business Associate.

- A. The Business Associate may use or disclose Protected Health Information for the following purposes only: (i) to receive and process claims for payment for eligible Program participants; (ii) to maintain claims history and patient profiles; (iii) to maintain current eligibility data on Program participants; (iv) for the management and administration of its internal business processes that relate to its legal responsibilities and its responsibilities under the services contract between the City and the Business Associate; and (v) to provide data aggregation services relating to the City's health care operations.
- B. The Business Associate may use or disclose Protected Health Information as required by law.

EXHIBIT C
HIPAA BUSINESS ASSOCIATE AGREEMENT

- C. The Business Associate may de-identify the Protected Health Information and may use or disclose such de-identified information.
 - D. The Business Associate shall make its internal practices, books and records, including policies and procedures, relating to the use and disclosures of Protected Health Information available to the Secretary of the United States Department of Health and Human Services for purposes of determining compliance with HIPAA.
 - E. Within ten (10) calendar days of receipt of a request by the City, the Business Associate shall permit any individual whose Protected Health Information is maintained by the Business Associate to have access to and to copy his or her Protected Health Information, in the format requested, unless it is not readily producible in such format, in which case it shall be produced in hard copy format. In the event any individual requests access to Protected Health Information held by the Business Associate directly from the Business Associate, the Business Associate shall forward such request to the City as soon as possible upon receipt.
- 3. Prohibitions on Use and Disclosure of Protected Health Information by Business Associate.**
- A. The Business Associate will not use or further disclose Protected Health Information except as permitted or required by this Agreement, or as required by law.
 - B. The Business Associate shall not sell Protected Health Information, including patient or enrollee lists, nor use any Protected Health Information to engage in "marketing," as that term is defined in 45 CFR Part 164.501
 - C. The Business Associate shall not disclose Protected Health Information to any member of its workforce unless the Business Associate has advised such person of the Business Associate's obligations under this Agreement and of the consequences for such person and for the Business Associate of violating them.
 - D. The Business Associate shall not disclose Protected Health Information to any Agent, Subcontractor or other third party unless disclosure is required by law, or unless expressly approved in advance by the City in writing. Any such disclosure shall be made in accordance with 45 CFR Parts 164.502 and 164.308, and only upon the written agreement of the Agent, Subcontractor or other third party which shall include, at a minimum:
 - i. The agreement of such Agent, Subcontractor or other third party that creates, receives, maintains, or transmits protected health information on behalf of the Business Associate agree to be bound to the same restrictions, conditions and requirements that apply to Business Associate with respect to such information;
 - ii. Reasonable assurances from such Agent, Subcontractor or other third party that Protected Health Information will be held confidential as provided in this Agreement, and only disclosed as required by law or for the purposes for which it was disclosed to such Agent, Subcontractor or other third party; and
 - iii. An agreement from such Agent, Subcontractor or other third party to immediately notify the Business Associate in writing of any breaches of the confidentiality of Protected Health Information, to the extent it has obtained knowledge of such breach.
- 4. Safeguards for Protected Health Information.**
- A. The Business Associate shall implement appropriate safeguards to prevent use or disclosure of Protected Health Information other than as permitted by this Agreement. The Business Associate shall provide the City with information concerning such safeguards as the City may from time to time request. Upon reasonable request, the Business Associate shall give the City access for inspection and copying to the

EXHIBIT C
HIPAA BUSINESS ASSOCIATE AGREEMENT

Business Associate's facilities used for the maintenance and processing of Protected Health Information, and to its books, records, practices, policies, and procedures concerning the use and disclosure of Protected Health Information.

- B. The Business Associate and any Agent or Subcontractor shall comply with the minimum necessary requirements set forth in the HIPAA Rules when using or disclosing Protected Health Information. The Business Associate also agrees to mitigate, to the extent possible, any harmful effects of an improper use or disclosure of Protected Health Information by the Business Associate in violation of the requirements of this Agreement. The Business Associate shall make its internal practices, books, records, including policies and procedures, related to the use and disclosures of protected health information available to the Secretary of the United States Department of Health and Human Services, for purposes of determining compliance with HIPAA.
- C. The Business Associate shall maintain a record of all Protected Health Information disclosures made other than for the permitted purposes of this Agreement, including the date of disclosure, the name and, if known, the address of the recipient of the Protected Health Information, a brief description of the Protected Health Information disclosed, and the purposes of the disclosures.
- D. The Business Associate shall comply with all written directions from the City concerning:
 - i. any special limitations on the use or disclosure of Protected Health Information beyond the requirements of the HIPAA Rules;
 - ii. any changes in, or revocation of, the permission by an individual to use or disclose his or her Protected Health Information that may affect the Business Associate's use or disclosure of such information; and
 - iii. any restriction on the use or disclosure of Protected Health Information that the City has agreed to that may affect the Business Associate's use or disclosure of such information.
- E. Within ten (10) calendar days of notice by the City to the Business Associate that the City has received a request for an accounting of disclosures of Protected Health Information regarding an individual, the Business Associate shall make available to the City such information as is in the Business Associate's possession and is required for the City to make the accounting.
- F. The Business Associate shall report to the City (in writing if requested by City) any use or disclosure of Protected Health Information not provided for by this Agreement of which it becomes aware, including breaches of unsecured Protected Health Information as required at 45 CFR 164.410, and any Security Incident of which it becomes aware, and describe the remedial action taken or proposed to be taken with respect to such use or disclosure. For purposes of reporting under this Section, the definition of Security Incident shall be limited to the successful unauthorized access, use, disclosure, modification, or destruction of information or interference with system operations in an information system.
- G. The Business Associate shall make any amendment(s) to Protected Health Information in a designated record set as directed or agreed to by the City pursuant to 45 CFR Part 164.526, or take other measures as necessary to satisfy the City's obligations under 45 CFR Part 164.526.
- H. The Business Associate acknowledges that the additional requirements of the HITECH Act (Health Information Technology for Economic and Clinic Health Act enacted as part of the American Recovery and Reinvestment Act of 2009) and the Final Rule (also known as the Omnibus Rule) issued by the U.S. Department of Health and Human Services on January 25, 2013 are applicable to the Business Associate. The Business Associate further acknowledges restrictions on the sales and marketing of protected health information without the explicit authorization of the individual.
- I. To the extent the Business Associate is to carry out one of more of the City's obligations under Subpart E of 45 CFR Part 164, the Business Associate will comply with the requirements of Subpart E that apply to the City in the performance of such obligations.

EXHIBIT C
HIPAA BUSINESS ASSOCIATE AGREEMENT

J. The Business Associate may not use or disclose Protected Health Information in a manner that would violate Subpart E of 45 CFR Part 164 if done by the City except for the specific uses and disclosures set forth below:

- i. The Business Associate may use Protected Health Information for the proper management and administration of the Business Associate or to carry out the legal responsibilities of the Business Associate, provided the disclosures are required by law, or the Business Associate obtains reasonable assurances in writing from the person to whom the information is disclosed that the information remains confidential and used or further disclosed only as required by law or for the purposes for which it was disclosed to the person, and the person notifies the Business Associate in writing of any instances in which it is aware in which the confidentiality of the information has been breached.
- ii. The Business Associate may provide data aggregation services related to the health care operations of the City.

5. Term of this Agreement; Termination; Procedures upon Termination.

- A. This Agreement shall become effective upon execution by the parties, and shall be effective as of the date of the last party to sign.
- B. The term of this Agreement shall expire with the close of business the contract expiration date. Provided, that either party may terminate this Agreement on any basis at any time prior to the expiration of the term upon written notice to the other party.
- C. Except as provided in paragraph D, below, upon termination of this Agreement, the Business Associate shall return or destroy all Protected Health Information received from the City, or created or received by the Business Associate on behalf of the City. This provision shall also apply to Protected Health Information that is in the possession of Agents or Subcontractors of the Business Associate. The Business Associate shall retain no copies of the Protected Health Information.
- D. In the event that the Business Associate determines that returning or destroying the Protected Health Information is not feasible, the Business Associate shall provide to the City written notification of the conditions that make return or destruction infeasible. Upon agreement by the City that return or destruction of Protected Health Information is not feasible, the Business Associate shall extend the protections of this Agreement to such Protected Health Information and limit further uses and disclosures of such Protected Health Information to those purposes that make the return or destruction infeasible, for so long as the Business Associate maintains the Protected Health Information. The City acknowledges and agrees that the Business Associate's need to retain portions of the Protected Health Information to memorialize advice provided and comply with its document retention and business continuity programs will render such return or destruction infeasible. The Business Associate shall continue to use appropriate safeguards and comply with Subpart C of 45 CFR Part 164 with respect to electronic Protected Health Information to prevent use or disclosure of the Protected Health Information, other than as provided for in this Section, for as long as Business Associate retains the Protected Health Information.
- E. The Business Associate shall not use or disclosure the protected health information retained by the Business Associate other than for the purposes for which the protected health information was retained and subject to the same conditions set out in this Agreement which applied prior to Termination.
- F. Survival. The obligations of the Business Associate under this Section shall survive the termination of this Agreement.

6. Other Provisions.

- A. **Reimbursement.** In addition to its obligations to mitigate any known harmful effect of an improper use or disclosure of Protected Health Information under Section 4.B of this Agreement, the Business Associate

EXHIBIT C
HIPAA BUSINESS ASSOCIATE AGREEMENT

shall reimburse City for any civil fines or penalties imposed as a result of such improper use or disclosure and for the reasonable and actual costs of providing notice to individuals in the event of a breach of unsecured Protected Health Information caused by the Business Associate. The Business Associate's obligation to reimburse the City shall survive the expiration or termination of the Contract.

- B. **Remedies for Breach.** Without limiting the rights of the parties under paragraph 5, should the Business Associate breach any of its obligations under this Agreement, the City may at its option: (i) exercise its rights of access and inspection under paragraph 2, above; and/or (ii) report the breach to the Secretary of the United States Department of Health and Human Services.
- C. **Notices.** Any notice by a party required or provided for under this Agreement shall be effective upon delivery via regular or electronic mail to the other party at the following address:

To the City:	To the Business Associate:
Name: Bridgett Kovar	Name: The Segal Group, Attn: Privacy Official c/o General Counsel / Steven Greenspan 333 West 34 th Street New York, NY 10001-2402
Phone: (512) 974-3226	Phone: 212-251-5126
Fax: (512) 974-3420	Fax: (646) 365-3243
Email: Bridgett.Kovar@austintexas.gov	Email: sgreenspan@segalco.com

- D. **Amendments.** Upon the enactment of any law or regulation affecting the use or disclosure of protected health information, or the publication of any decision of a court of the United States or State of Texas relating to any such law, or the publication of any interpretive policy or opinion of any governmental agency charged with the enforcement of any such law or regulation, the City may, by written notice to the Business Associate, amend this Agreement in such a manner as the City determines necessary to comply with such law or regulation. Notwithstanding the foregoing, if the City and Business Associate have not amended this Agreement to address a law or final regulation that becomes effective after the effective date of this Agreement and that is applicable to this Agreement, then upon the effective date of such law or regulation (or any portion thereof) this Agreement shall be amended automatically and deemed to incorporate such new or revised provisions as are necessary for this Agreement to be consistent with such law or regulation for the City and the Business Associate to be and remain in compliance with all applicable laws and regulations.
- E. **Construction of Terms.** A reference in this Agreement to a section in the HIPAA Rules means the section in effect or as amended at the time. Any ambiguity in this Agreement shall be interpreted to permit compliance with the HIPAA Rules.
- F. **Third Party Beneficiaries.** Nothing in this Agreement shall be construed to create any third party beneficiary rights in any person, including any participant or beneficiary of the City.
- G. **Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be deemed an original. Facsimile or Portable Document Format (PDF) copies thereof shall be deemed to be originals.
- H. **Informal Resolution.** If any controversy, dispute, or claim arises between the parties with respect to this Agreement, the parties shall make good faith efforts to resolve such matters informally.

**EXHIBIT C
HIPAA BUSINESS ASSOCIATE AGREEMENT**

Agreed to by the parties through the signatures of their authorized representatives below:

THE CITY OF AUSTIN, TEXAS

By: BK
[Signature]

Name: Bridget Kovar

Title: Benefits Consultant

Date: 10/20/17

THE BUSINESS ASSOCIATE:

By: Ken Vieira
[Signature]

Name: Ken Vieira

Title: Senior Vice President

Organization Name: Segal Consulting

Date: 10/18/17

CERTIFICATE OF INTERESTED PARTIES

FORM 1295

1 of 1

Complete Nos. 1 - 4 and 6 if there are interested parties.
Complete Nos. 1, 2, 3, 5, and 6 if there are no interested parties.

OFFICE USE ONLY CERTIFICATION OF FILING

Certificate Number:
2017-255474

Date Filed:
08/30/2017

Date Acknowledged:

1 Name of business entity filing form, and the city, state and country of the business entity's place of business.

Segal Company (Southeast), Inc
Atlanta, GA United States

2 Name of governmental entity or state agency that is a party to the contract for which the form is being filed.

City of Austin

3 Provide the identification number used by the governmental entity or state agency to track or identify the contract, and provide a description of the services, goods, or other property to be provided under the contract.

MA NA170000210

ACTUARIAL AND CONSULTING SERVICES FOR BENEFIT PROGRAMS

4	Name of Interested Party	City, State, Country (place of business)	Nature of interest (check applicable)	
			Controlling	Intermediary

5 Check only if there is NO Interested Party.



6 AFFIDAVIT

I swear, or affirm, under penalty of perjury, that the above disclosure is true and correct.



AFFIX NOTARY SEAL TO THIS FORM ABOVE

Stuart I. Wohl

Signature of authorized agent of contracting business entity

Sworn to and subscribed before me, by the said Stuart I. Wohl, this the 30th day of August, 2017, to certify which, witness my hand and seal of office.

L. Feurtado
Signature of officer administering oath

L. Feurtado
Printed name of officer administering oath

Notary
Title of officer administering oath

CERTIFICATE OF INTERESTED PARTIES

FORM 1295

1 of 1

Complete Nos. 1 - 4 and 6 if there are interested parties.
Complete Nos. 1, 2, 3, 5, and 6 if there are no interested parties.

OFFICE USE ONLY CERTIFICATION OF FILING

1 Name of business entity filing form, and the city, state and country of the business entity's place of business.

Gallagher Benefit Services, Inc.
Austin, TX United States

Certificate Number:
2017-251045

Date Filed:
08/17/2017

2 Name of governmental entity or state agency that is a party to the contract for which the form is being filed.

City of Austin

Date Acknowledged:

3 Provide the identification number used by the governmental entity or state agency to track or identify the contract, and provide a description of the services, goods, or other property to be provided under the contract.

NA170000210
Consulting Services for Compensation Programs

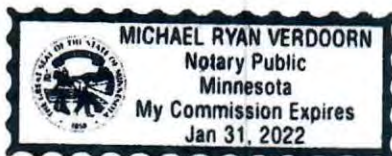
4	Name of Interested Party	City, State, Country (place of business)	Nature of interest (check applicable)	
			Controlling	Intermediary

5 Check only if there is NO Interested Party.



6 AFFIDAVIT

I swear, or affirm, under penalty of perjury, that the above disclosure is true and correct.



Bruce Lanson
Signature of authorized agent of contracting business entity

AFFIX NOTARY STAMP / SEAL ABOVE

Sworn to and subscribed before me, by the said Bruce Lanson, this the 17 day of August, 2017, to certify which, witness my hand and seal of office.

Michael Verdoorn
Signature of officer administering oath

Michael Verdoorn
Printed name of officer administering oath

Senior Counselor
Title of officer administering oath